

2006 Consolidated Plan

Action Plan

State of Missouri

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ACTION PLAN

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Executive Summary

EXECUTIVE SUMMARY

FY2006 ACTION PLAN

In 1995, the Consolidated Plan became the single planning document for all funds received by the State from the U.S. Department of Housing and Urban Development (HUD). These funds represent four major programs administered by the State of Missouri by four separate agencies:

- Community Development Block Grant – Department of Economic Development
- HOME Investment Partnerships Program – Missouri Housing Development Commission
- Emergency Shelter Grant – Department of Social Services
- Housing Opportunities for Persons With AIDS – Department of Health & Senior Services

The Department of Economic Development is the designated lead agency for the Missouri Consolidated Plan and Action Plan.

The State chose a five-year planning period, and the Consolidated Plan for FY2003 – FY2007 was published in February 2003. In addition to the Consolidated Plan, the State must also publish an annual Action Plan, first in draft format to allow for public review and comment; then a final Action Plan is published and submitted to HUD, usually on or about February 1st.

The 2006 Action Plan describes the State's intended use of the HUD funds, consistent with the strategies outlined in the Consolidated Plan. The strategies are proposed actions to address the State's housing, community development, and economic development needs, which are also outlined in the Consolidated Plan. The Plan also contains information relevant to the distribution of funds, including strategies and actions to address lead-based paint, project monitoring, citizen participation, fair housing, and troubled public housing authorities.

The State's certifications to HUD are also included in this document with the Federal 424 Form, which requests the actual funds from the federal government.

FY2006 funds from the US Department of Housing and Urban Development are estimated as follows:

Community Development Block Grant:	\$24,217,731
HOME Investment Partnerships:	\$15,549,777
American Dream Downpayment (ADDI)	\$244,948
Emergency Shelter Grant:	\$1,399,260
Housing for Persons with AIDS:	\$455,000
Total:	\$41,866,716

**APPLICATION FOR
FEDERAL ASSISTANCE**

Version 7/03

1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction		2. DATE SUBMITTED 2-1-2006	Applicant Identifier
		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
5. APPLICANT INFORMATION			
Legal Name: State of Missouri		Organizational Unit: Department: Department of Economic Development	
Organizational DUNS: 87-901-4686		Division: Business and Community Services	
Address: Street: 301 West High, Room 770, P.O. Box 118		Name and telephone number of person to be contacted on matters involving this application (give area code)	
City: Jefferson City		Prefix:	First Name: Andy
County: Cole		Middle Name	
State: Missouri	Zip Code 65102	Last Name: Papen	
Country: USA		Suffix:	
		Email: andy.papen@ded.mo.gov	
6. EMPLOYER IDENTIFICATION NUMBER (EIN) 4 4 - 5 0 0 0 9 8 7		Phone Number (give area code) 4573-751-3600	Fax Number (give area code) 573-526-4157
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.)		7. TYPE OF APPLICANT: (See back of form for Application Types) A Other (specify)	
		9. NAME OF FEDERAL AGENCY: U.S. Department of Housing and Urban Development	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 1 4 - 2 2 8 TITLE (Name of Program): CDBG 14 228, HOME 14 239, ADDI 14 239, ESG 14 231, HOPWA 14 241		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: State Community Development Block Grant (CDBG) Emergency Shelter Grant (ESG) HOME Investment Partnership Program (HOME) American Dream Downpayment Initiative (ADDI) Housing Opportunity for Persons with AIDS (HOPWA)	
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): State of Missouri		13. PROPOSED PROJECT	
Start Date: 4/1/06	Ending Date: 3/31/07	14. CONGRESSIONAL DISTRICTS OF: a. Applicant Missouri 1,2,3,4,5,6,7,8,9 b. Project Missouri 1,2,3,4,5,6,7,8,9	
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
a. Federal	\$ 41,866,716	a. Yes	<input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE
b. Applicant	\$	b. No.	<input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW
c. State	\$	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?	
d. Local	\$	<input type="checkbox"/> Yes If "Yes" attach an explanation <input checked="" type="checkbox"/> No	
e. Other	\$		
f. Program Income	\$		
g. TOTAL	\$ 41,866,716		
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.			
a. Authorized Representative:			
Prefix	First Name Greg	Middle Name	
Last Name Steinhoff		Suffix	
b. Title Director, Missouri Department of Economic Development		c. Telephone Number (give area code) 573-751-4770	
d. Signature of Authorized Representative		e. Date Signed 1/26/06	

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 Standard Form 424 (Rev. 9-2003)
Prescribed by OMB Circular A-102

One Year Action Plans for FY2006

HOME Investment Partnerships Program

MISSOURI HOUSING DEVELOPMENT COMMISSION

HOME INVESTMENT PARTNERSHIPS PROGRAM

The budget presented below identifies MHDC's available resources for the State Fiscal Year 2007. The programs and funding established meet the priorities of the State of Missouri.

HOME BUDGET FFY 2006

The allocation for the HOME Program is estimated to be \$15,549,777. MHDC also expects to have approx. \$1,700,000 in HOME Program income available for use in FFY2006. The allocation for the ADDI Program is estimated to be \$244,948. The total estimated HOME Program budget for FFY 2006 is \$18,891,022.

	<u>BUDGET</u>	<u>UNITS</u>
Rental Housing Production & Preservation Program	\$2,332,467	184
CHDO set-aside		
CHDO Operating Expenses	\$200,000	--
Rental Housing Production & Preservation Program	\$10,062,333	
<u>HOME Program Income</u>	<u>\$1,700,000</u>	
Subtotal	\$11,762,333	650
HOME Repair (HeRO) Program	\$1,400,000	70
American Dream Downpayment Initiative	\$244,948	25
Administration Expense	<u>\$1,554,977</u>	--
TOTAL	\$17,494,725	929

MHDC FY 2006 FUND BALANCE BUDGET

	<u>BUDGET</u>	<u>UNITS</u>
MHDC Rental Housing Production & Preservation Program	\$6,000,000 *	400
MHDC Homeownership Infrastructure Loans	\$1,000,000	50
MHDC Mortgage Revenue Bond Program	\$5,700,000	3,075
For first-time homebuyers (<i>First Place</i> Loan Program) (Cost of Issuance)		
Rental Assistance Program - Project Based	\$1,039,000	717
Multi-family and Home Improvement Interest Subsidy Program	\$100,000	90
TOTAL	<u>\$13,839,000</u>	<u>4,332</u>

* These funds will be used to meet the match requirement for the HOME Program.

Other FY 2006 Program Budgets	<u>Budget</u>	<u>Units</u>
Missouri Housing Trust Fund	\$5 million	n/a
9% Federal & State LIHTC	\$10.7 million	1,200
4% Federal & State LIHTC	\$7.5 million	3,000
Affordable Housing Assistance Tax Credit	\$11 million	1,100

HOUSING STRATEGIES TO ADDRESS NEED

FIVE-YEAR PRIORITIES AND STRATEGIES 2003-2007

The State of Missouri has established the following priorities for the 2003-2007 Consolidated Plan.

- Construction of affordable housing for low-income families, especially single-parent households and large families
- Affordable housing for homeless families and families with other special needs
- Preservation of affordable housing
- Affordable homeownership for low and moderate income families

HOME INVESTMENT PARTNERSHIPS PROGRAM: GENERAL DESCRIPTION

The federally-funded HOME program was designed to expand the supply of decent and affordable housing for low and very low-income persons. The intent of the HOME program is:

- to expand the supply of decent, safe, sanitary, and affordable housing, primarily rental housing;
- to strengthen the ability of state and local governments to provide housing;
- to assure that federal housing services, financing and other investments are provided to state and local governments in a coordinated, supportive fashion;
- to expand the capacity of non-profit community-based housing development organizations.

HOME is a partnership of the federal, state and local governments and private and non-profit organizations involved in low-income housing initiatives. The Missouri Housing Development Commission (MHDC) meets the objectives of the HOME program through direct administration of the eligible activities and by creating partnerships with local Public Housing Authorities (PHAs), Community Action Agencies (CAAs), local governments, and non-profit and for-profit developers.

MHDC has designated rental housing production, the preservation of existing rental housing and affordable homeownership as priorities under HOME. As required by the HOME program, MHDC will set aside at least 15% of the HOME fund allocation for use by Community Housing Development Organizations (CHDOs). MHDC has designated 18 non-profit agencies in Missouri as CHDOs and is committed to working with the various qualified CHDOs to structure financially feasible developments. In addition, MHDC may allocate HOME funds to private developers through the Rental Housing Production & Preservation Program. MHDC also established a HOME repair program for owner-occupied housing in conjunction with non-profit organizations in Missouri with FFY 2002 HOME funds.

MHDC is the Participating Jurisdiction for the State of Missouri. The entitlement communities (Participating Jurisdictions) in Missouri that receive their own HOME funds are: the City of St. Louis, St. Louis County, Kansas City, Springfield, Columbia, Independence, and St. Joseph.

It has become increasingly difficult to combine HOME funds and Low Income Housing Tax Credit (LIHTC) for rental housing production in rural Missouri. Combining HOME funds and LIHTC in many rural communities produces rents that are not sufficient to support the operating costs of a rental housing development.

Therefore, MHDC adopted a flexible policy that permits the financing of rental housing with the funds that are most appropriate to the needs of each community. In some cases, MHDC will substitute MHDC funds for HOME funds in rural communities and allow for the use of HOME funds in metropolitan areas. This policy is consistent with HUD regulations codified in 24 CFR Part 92.201 and with MHDC's desire to attempt a fair geographic distribution of tax credit, as called for in the State of Missouri's LIHTC Qualified Allocation Plan.

HOME INVESTMENT PARTNERSHIPS PROGRAM: ACTIVITIES

Rental Housing Production and Preservation Program

MHDC will make approximately \$11,762,333 in FFY 2006 HOME funds available for the HOME Rental Housing Production and Preservation Program. Rental production includes the acquisition, rehabilitation and/or new construction of affordable housing in accordance with the Department of Housing and Urban Development (HUD) regulations codified as 24 CFR Part 92. A Notice of Funding Availability (NOFA) will be published and applications will be accepted for approximately 60 days. Eligible applicants include private, non-profit or public entities. HOME funds may be awarded as a loan, a deferred grant or a combination thereof.

Community Housing Development Organization (CHDO) Set Aside

MHDC will set-aside approximately \$2,332,467 in FFY 2006 HOME funds for rental housing production and preservation specifically for non-profit Community Housing Development Organizations (CHDOs). The notice of funding availability will state that proposals for acquisition, rehabilitation and/or new construction of rental units will be accepted from CHDOs in accordance with the Department of Housing and Urban Development (HUD) regulations codified as 24 CFR Part 92.

The CHDO must develop, own or sponsor the HOME-assisted development. MHDC will work with interested CHDOs in preparing and structuring their applications. The notice will also identify the availability of \$200,000 in FFY 2006 HOME funds to CHDOs for "operating expenses" defined in 24 CFR 92.2 as "reasonable and necessary costs for the operation of the community housing development organization."

MHDC will select applications that are consistent with the FY 2003-2007 State of Missouri Consolidated Plan, within the limitations of available funds and the applications received, and that meet the greatest housing needs in the state. All proposals must be for rental units and priority will be given to those developments which: 1) meet a demonstrated need for affordable housing; 2) provide housing for low income and very low-income families; 3) demonstrate local support 4) leverage HOME funds with other public or private funds; 5) provide rents below HUD's "fair market rents" or rents affordable to persons below 50% of the area median income; 6) are economically feasible; and 7) address one of the priorities as stated in the current State of Missouri Consolidated Plan.

HOME Repair Program

MHDC established the HOME Repair Program in FFY 2002. The purpose of this program is to improve the quality of life of the citizens of Missouri by expanding opportunities to improve and make more livable owner occupied single-family homes.

MHDC will make approximately \$1.4 million in FFY 2006 HOME funds available to community action agencies and other not-for-profit agencies for the purpose of home repair, weatherization, accessibility improvements and lead abatement in owner-occupied homes. These funds will be made available in non-entitlement communities in the state that do not receive their own allocation of HOME funds. This funding is available to agencies that undertake the eligible activities on behalf of low and moderate-income families in eligible areas. The maximum award

to any agency (sub-grantee) will be \$500,000. The sub-grantee may work with or without the services of a selected rehabilitation contractor. Agencies awarded funding may also receive funds to assist in the administration of this program, not to exceed 10% of the total grant amount.

Eligible homeowners must have annual incomes that do not exceed 80% of the area median income, adjusted for family size, for the property area, in accordance with HOME Program regulations. Eligible homeowners may receive cash assistance in an amount not to exceed \$20,000. The sub-grantee and the individual homeowner shall reach agreement regarding rehabilitation needs. The homeowner must occupy the property as their principal residence. The affordability of the property must be maintained for three years. The funds must be repaid in full if the property is sold at any time prior to three years. At the end of three years, all restrictions shall be removed, and funds shall be considered a grant.

Eligible properties shall be owner-occupied single-family units. Property occupied by non-owners, single-wide trailers, manufactured homes not affixed to a permanent foundation, semi-detached homes, condominium units, town homes, one-half of a duplex or properties held in contract-for-deed title shall not be eligible.

Home rehabilitation must comply with all local zoning requirements and building codes. In the absence of local codes, the CABO code or approved equivalent will be used. Rehabilitation work will be subject to an inspection by a local inspector.

A notice of funding availability will be published in August of each year and applications will be accepted for approximately 45 days. MHDC will select proposals from agencies that reflect pertinent experience and capacity to administer the program. Funding decisions will be made by the Commission in December or January of each year.

American Dream Downpayment Initiative

MHDC will make approximately \$244,948 in FFY 2006 HOME/ADDI funds available for a downpayment assistance program in all areas of the state. MHDC will make these funds available to establish a downpayment assistance program for low and moderate income families. Eligible families must earn no more than 80% of the area median income, adjusted for family size in accordance with HOME/ADDI program regulations. Eligible families must be first time homebuyers, or Displaced Homemakers or Single Parents, as defined by the ADDI regulations. The funds will be used for grants of 6% of the sales price of the home to qualified homebuyers for down-payment and/or closing costs and to reduce overall debt service requirements.

Mortgage financing must be obtained through a lender approved to participate in MHDC's *First Place* loan program (formerly the Mortgage Revenue Bond program). Participating lenders will accept applications for these funds, and process the requests for subsidy in conjunction with the first mortgage application.

The homeowner must occupy the property as their principal residence. The affordability of the property must be maintained for five years. The homeowner must execute a Land Use Restriction Agreement (LURA) with a term of five years. The funds must be repaid in full if the property is sold at any time prior to five years. At the end of five years, all restrictions shall be removed, and funds shall be considered a grant.

Eligible properties shall be owner-occupied single-family units, including condominium units and cooperative units or manufactured housing units where the land will be owned by the buyer.

Property occupied by non-owners, single-wide trailers, semi-detached homes, town homes and one-half of a duplex or properties held in contract-for-deed title shall not be eligible.

ADDI Outreach Activities

MHDC will conduct outreach activities to inform residents of public housing and manufactured housing, and other families assisted by public housing agencies or community action agencies in Missouri of the availability of ADDI funds for downpayment assistance. This will be accomplished by working with the Missouri Chapter of the National Association of Housing and Redevelopment Officials (NAHRO) and the Missouri Association of Community Action Agencies to assist the underserved low and moderate income families residing within their service areas. MHDC will seek to educate the general public about ADDI funds through its participation at homeownership events, press releases to the media and on its website. MHDC will also work directly with non-profit community-based organizations that currently receive HOME funds for a wide variety of housing services to inform them about the availability of ADDI funds. MHDC will strive to educate the staff of public housing authorities, community action agencies, non-profit organizations, mortgage lenders, social service providers and other interested parties at the annual Governor's Conference on Housing in Missouri.

ADDI Suitability of Families

MHDC will seek to ensure that families who apply for ADDI funds for downpayment are prepared to undertake and maintain homeownership by informing them of the homebuyer education opportunities available through our affordable housing partners. Presently in Missouri there are several non-profit organizations providing excellent homeownership counseling services, such as the North East Community Action Agency and Green Hills Community Action Agency, among others. MHDC will encourage the Missouri Association of Community Action Agencies to continue to work with the community action agencies to provide a standardized homebuyer education program throughout the State of Missouri, using one of the current exemplary programs as a model. These collaborative efforts will help to provide a continuum of homebuyer education opportunities for low and moderate income families receiving ADDI funds in Missouri.

Activities for Homeless Missourians and others with Special Needs

In 2004 and 2005 MHDC allocated approximately \$1 million in HOME funds for the rehabilitation or new construction of permanent housing for the homeless. In 2005 MHDC also allocated approximately \$500,000 in MHDC funds for permanent housing for the homeless. Since permanent housing for the homeless is an eligible activity under the MHDC/HOME Rental Production and Preservation Program, these funds were included as part of the Notice of Funding Availability (NOFA) for the Missouri Housing Trust Fund.

MHDC will undertake additional activities for the homeless and other special needs populations through the expenditure of funds from the Missouri Housing Trust Fund (MHTF). Each year MHDC receives approximately \$5 million in state funds to provide housing assistance for very low income families in Missouri. All persons assisted by the MHTF must have incomes at or below 50% of the median family income for the geographic area, adjusted for family size. Half of the MHTF must be used to assist persons at or below 25% of the median family income.

Non-profit organizations or private developers that provide housing and/or related services may apply. Applicants must demonstrate prior, successful housing experience and have the financial capacity to successfully complete and operate the housing and/or service proposed. Service providers must have qualified and trained staff and a successful record of providing the proposed services.

Eligible activities include operating support for homeless shelters, domestic violence shelters and transitional housing; emergency housing assistance to prevent homelessness; home repairs for low-income homeowners; the development of new or rehabilitated affordable housing; and rental assistance for low-income families. MHDC will issue a notice of funding availability in August of each year. Funding decisions are customarily made by the Commission in December of that year.

HOPWA

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES

The Missouri Department of Health and Senior Services (MDHSS) will accept and distribute an estimated \$455,000 in HOPWA formula funding in 2006. HOPWA program funding is divided between Tenant-Based Rental Assistance (TBRA) and Short-Term Rent Mortgage and Utility Assistance (STRMU), with an estimated \$443,000 allocated to TBRA to serve 200 individuals/families and \$12,000 allocated to STRMU to serve 12 individuals/families for the program year.

MDHSS coordinates HOPWA Funds with Ryan White Title II Emergency Assistance in the outstate regions of Missouri to create a continuum of services to prevent homelessness among HIV positive individuals and families and to engage them in efforts toward achieving a realistic level of independence. Recipients who were previously considered permanently enrolled in the program are now considered to be on a continuum from Ryan White Title II emergency assistance to HOPWA and, when viable and available, to permanent housing assistance in the community and finally, when appropriate, to economic independence through education and employment.

In order to qualify for HOPWA assistance an HIV positive individual must be enrolled in the Missouri HIV case management system, with an income at or below 100% of federal poverty, and assessed to be in need of assistance to prevent homelessness.

MDHSS is committed to targeting HOPWA funds to those most in need. Each new HOPWA applicant is prioritized by identifying at least one additional barrier to stable housing. The waiting list prioritizes applicants below 80% of federal poverty, with a disability, additional co-morbidities, dependents in the home, and facing barriers that may limit access to community-based and other federal housing programs, such as a history of felony arrests or poor rental history. In addition, the HOPWA program makes use of a calculation formula that determines each applicant's financial need based on a comprehensive assessment of income, rent and utility amount, medical expenses, and local fair market rent.

MDHSS performs an on-site monitoring visit of the fiduciary agent for the HOPWA program twice yearly. Standard monitoring forms are used to record compliance on major aspects of program performance, including employment standards, to record confidentiality, retention, and budget and fiscal records, along with an annual fiscal audit.

In addition to routinely reviewing the activities of the fiduciary agent, MDHSS monitors additional progress toward meeting goals by reviewing client files at local case management sites to assure that HOPWA funds are targeted to those who qualify for their use and are most in need, that funding is at adequate levels to maintain stable and safe housing, and that recipients are provided sufficient support to identify means to move towards independence.

ESG

EMERGENCY SHELTER GRANT

MISSOURI DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services, through the Family Support Division, will accept and distribute \$1,399,260, (based on FY05 funding) which is the State of Missouri's share of the Emergency Shelter Grant (ESG) funds authorized by the Stewart B. McKinney Homeless Assistance Act, as amended.

Eligible Activities include:

- Administration (Maximum of 2% to Grantees)
- Renovations
- Operations
- Essential Services (Not to exceed 30% of the Grant)
- Prevention (Not to exceed 30% of the Grant)

All of Missouri's county and city governments with a population of 10,000 and over, as well as those entities that have expressed an interest in the program, will be notified of the availability of ESG funds through the state program and provided an opportunity to apply for a grant.

Applicants will only be accepted and considered from city and county governments. Local governments may in turn use the funds to contract with local not-for-profit qualified organizations to meet the service need of the community related to the homeless. Local governments or their nonprofit agencies will be required to provide matching funds equal to the amount of any grant received. The State, in conjunction with the Department of Housing and Urban Development, encourages community partnership and the continuum of care concept.

Involving local government entities ensures this partnership and further ensures the accountability and efficiency in service delivery. An ESG Program Committee has been named to review new applications and advise the Program Coordinator regarding the priority of each applicant. The Program Coordinator will be responsible for recommending to the Director of the Family Support Division all of the applicants who will receive Emergency Shelter Grants and the amount of each award.

After basic eligibility has been established, consideration will be given to each application based on the following criteria to determine final grant awards:

- 1) **Need:** Applications will be evaluated on the projected homeless population in the community, and the number of known homeless individuals and families in the community receiving assistance from local service providers
- 2) **Cost Effectiveness:** Applications will be evaluated on the cost of providing services per individual served.
- 3) **Prior Experience** and participation in the ESG Program.

FY2005 EMERGENCY SHELTER GRANT PROGRAM LOCAL GOVERNMENT AWARDS



CDBG

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

FEDERAL ENABLING LEGISLATION

In 1974, the Housing and Community Development Act (Public Law 93-383), as amended in 1981, 1983, 1984, 1987, 1988, 1990, and 1992, combined eight categorical programs into a single block grant program. The Department of Housing and Urban Development (HUD) administered the program from 1975 to 1981 for local community development projects with the goal of providing adequate housing, a suitable living environment, and expanded economic opportunities for lower income citizens. Annual Federal appropriations for the program are divided 70 percent for entitlement cities and counties and non-entitlement communities within metropolitan areas (SMSA), and 30 percent for non-entitlement communities within non-entitlement areas. Grants for entitlement areas are calculated and awarded on the basis of a formula. HUD awarded non-entitlement grants prior to 1982 based on individual competitions and a national rating system.

Legislation signed by the President on August 13, 1981 authorized major changes in the program. The Housing and Community Development Amendments of 1981 provided each state the option of administering Community Development Block Grant funds for non-entitlement areas (also known as the Small Cities Program). Since fiscal year 1982, the State of Missouri has elected to administer the program.

PROPOSED DISTRIBUTION METHODS FOR FY2006 FUNDS

GENERAL REQUIREMENTS

- 1) Eligible Applicants: The State will distribute \$24,217,731 in FY2006 CDBG funds to "units of general local government" in non-entitlement areas (incorporated municipalities under 50,000 and counties under 200,000). Cities and counties in Missouri that are not eligible for these non-entitlement funds are: Blue Springs, Columbia, Florissant, Independence, Jefferson City, Joplin, Kansas City, O'Fallon, Springfield, St. Charles, St. Joseph, St. Peters, Lee's Summit, St. Louis (city), Jefferson County (and the cities within Jefferson County who have elected to participate in the Jefferson County entitlement program), and St. Louis County (and the cities within St. Louis County who have elected to participate in the St. Louis County entitlement program).
- 2) Eligible Activities: Section 105(a) of the Community Development Act and HUD regulations specified the activities that are eligible for CDBG assistance. A general listing of eligible activities is below, and a detailed description is provided in 105(a) of the Act and in 24 CFR 570.482. While all activities may be eligible, some program categories may prioritize the funding of some activities:

- 1. Property Acquisition
- 2. Property Disposition
- 3. Property Clearance
- 4. Architectural Barrier Removal
- 5. Senior Center
- 6. Community Facilities
- 7. Centers for the Handicapped
- 8. Historic Properties
- 9. Water Treatment
- 10. Sanitary Sewer Collection
- 11. Storm Sewers
- 12. Flood and Drainage Facilities
- 13. Streets (or Roads)
- 14. Street Accessories
- 15. Parking Facilities
- 16. Bridges
- 17. Sidewalks
- 18. Pedestrian Malls
- 19. Recycling or Conversion Facilities
- 20. Parks and Recreation Facilities
- 21. Fire Protection/Facility Equipment
- 22. Solid Waste Disposal Facilities
- 23. Other Utilities
- 24. Public Service/Supportive Services
- 25. Rehabilitation of Private Residential Properties
- 26. Rehabilitation of Public Residential Properties
- 27. Payments for Loss of Rental Income
- 28. Relocation
- 29. Code Enforcement
- 30. Energy Use Strategy
- 31. Non-Federal Share Payment
- 32. Interim Assistance
- 33. Planning
- 34. Commercial or Industrial Facilities
- 35. Administration
- 36. Engineering/Design
- 37. Housing Rehab Inspection
- 38. Engineering/Construction Inspection
- 40. Audit
- 41. Port Facility
- 42. Airports
- 43. Natural Gas Lines
- 44. Electrical Distribution Lines
- 45. Rail Spurs
- 46. Security Lighting
- 47. Other Professional Services
- 48. Security Fencing
- 49. Site Preparation
- 50. Purchase Land/Building
- 51. Facility Construction Renovation
- 52. Machinery/Equipment
- 53. Working Capital
- 54. Sewage Treatment
- 55. LDC Homeownership Assistance – up to \$15,000 to purchase a new home
- 56. Legal
- 57. 911 Emergency Systems
- 60. Homeowners Assistance – up to \$5,000 to purchase an existing DSS home
- 61. Lead-Based Paint Evaluation
- 62. Asbestos Removal
- 63. Job Training*
- 64. Home-Ownership Counseling
- 65. Substantial Reconstruction of private residential properties on same lot – up to \$15,000
- 66. Water Distribution
- 67. Lead Reduction NOT incidental to rehab
- 68. Asbestos Inspection

*Job training activities must be: 1) approved by Job Development and Training or the Private Industry Council, and 2) be related to training for the jobs related to regional cluster developments.

3) Ineligible Activities are as follows:

- a) Maintenance or operation costs. **
- b) General government expenses.
- c) Political activities.

- d) Improvements to city halls and courthouses, except those required to meet the Americans with Disabilities Act.
- e) Purchase of equipment, except for fire protection, public services, landfills, or recreation.
- f) Income payments, except for loss of rental income due to displacement.
- g) Application preparation costs or a bonus award for writing a successful application.
- h) Religious purposes.

** Maintenance and Operation Costs: Any cost that recurs on a regular basis (generally, less than five years) is considered a maintenance or operation cost, therefore ineligible for CDBG assistance. It is the responsibility of the applicant to provide these revenues from user fees or taxes. Additionally, if such maintenance or operation revenues are not sufficient to adequately support a facility or service assisted by CDBG funds, the project will not be awarded. The determination whether such revenues are sufficient will be made by the applicant's professional engineer, the Department of Natural Resources (for related projects), and/or DED. The preliminary engineering report required for all public works projects should discuss the revenues available for operation and maintenance of the facility or service.

- 4) Application Submission: Only one application may be submitted in any individual category by a city or county on behalf of itself. A city may submit one other application for activities to be carried out on behalf of a sub-recipient public body or an incorporated non-profit agency. A county may submit two other applications for activities to be carried out on behalf of a sub-recipient public body or an incorporated non-profit agency. In all instances, the application must represent the applicant's community development or housing needs. An applicant (or sub-recipient) must have legal jurisdiction to operate in (or serve) the proposed project area (or beneficiaries). Proof must be submitted with the application. As the grantee, the city or county has final responsibility for the project implementation and compliance. There is no limit on the number of applications that may be submitted for economic development and emergency projects. The State reserves the right to place a limit on grants under its interim financing program. All applications must be submitted on forms prescribed by DED and in accordance with the guidelines issued for each program. While an applicant may be selected as a grantee, the final grant amount and scope of activities may be modified by DED.
- 5) Application Request Limits: The following are the minimum and maximum amount of funds an applicant may request per application:

Program	Minimum	Maximum
Water and Wastewater Eng. facility plan/plans & specs grants	\$10,000 \$5,000	\$500,000 or \$5,000/household 80% of amount equal to ASCE table, not to exceed \$50,000
Community Facility	\$10,000	\$300,000 or \$5,000/household
Other Public Needs	\$10,000	\$400,000 or \$5,000/household
Accessibility improvements (Americans with Disabilities Act)	\$10,000	\$250,000 or \$5,000/household
Rural Affordable Housing RFP	\$10,000	\$250,000 or \$5,000/household
Housing Demolition	\$10,000	\$125,000
Downtown Revitalization	\$10,000	\$400,000
Microenterprise	\$10,000	\$100,000 or \$15,000/job
Emergency	N/A	\$500,000 or \$5,000/household

NOTES RELEVANT TO PROGRAM CATEGORIES

- The maximum CDBG funds allowed per project, combining the Industrial Infrastructure grant and Action Fund loan, may not exceed \$1.5 million. The maximum CDBG funds (not including float loans) outstanding for any company (or related companies, including parent, subsidiaries, or ownership of 51% or more in a company), regardless of location in Missouri, may not exceed \$3 million. The amount outstanding is based on the principal amount remaining for loans, or, for infrastructure grants, the original grant amount with a 10-year declining basis.
- An application for residential housing demolition in the Other Public Needs category must address at least five units. At least 75% of any project must be residential. No more than 25% of any project may address commercial properties. For commercial properties included in the demolition application, the owner of the commercial property is responsible for 20% of the demolition costs for that property. All properties must be vacant and infeasible to rehabilitate.
- Engineering facility plan/plans and specs applications must meet LMI national objective and project must be listed on Missouri Department of Natural Resources Intended Use Plan or have a USDA Rural Development letter of conditions.

The limits for the Industrial Infrastructure grant are based upon a scale as follows:

<u>Grant Amount</u>	<u>Maximum Per Job</u>	<u>Maximum as a Percent of Company's Capital Investment</u>
Up to \$500,000	\$10,000	35%
next \$250,000	\$5,000	20%
next \$250,000	\$3,000	8%
next \$500,000	\$2,000	2%

6) Low and Moderate Income Requirements:

- a) Low and moderate income (LMI) is defined for the CDBG program as 80% of the median income of the county. The most recent available HUD Section 8 income limits specified by county are applicable to the CDBG program.
- b) At least 51% of the beneficiaries of a public facility/public project activity must be low and moderate-income (LMI) persons and families, and 100% of the beneficiaries of housing activities must be LMI. At least 51% of the hookups of a project funded under the water and wastewater category must also be residential. At least 51% of the beneficiaries of economic development projects must be low and moderate-income persons.
- c) Emergency projects must meet the test of Section 104(b)(3) of the Act which states *"...activities which the grantee certifies are designed to meet community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs..."*
- d) Funding for certain projects may utilize the **limited clientele** criteria outlined in the regulation for meeting the required national objective criteria. Those persons defined as limited clientele are automatically considered LMI. Further guidance can be found at 24 CFR 570.208 of September 6, 1988, and published state guidelines.
- e) The estimated amount of CDBG funds which will benefit LMI persons is \$22,954,180 or 91% of the non-administrative allocation for FY2006. This amount is derived by the following calculations:

\$24,217,731 (Total grant)
 - \$584,354 (State administration)
 - \$242,177 (State technical assistance)
- \$1,000,000 (Estimated local administration)
 \$22,391,200 (Total non-administrative funds)

\$500,000 (Demolition only – slums and blight)
 \$500,000 (Emergency – urgent need)

+ \$2,500,000 (Downtown Revitalization – slum/blight)
\$3,500,000 (Total non-LMI benefit)

\$22,391,200 (Total non-administrative funds)
- \$3,500,000 (Total non-LMI benefit)
\$18,891,200 (Total LMI benefit)

\$18,891,200 (Total LMI benefit)
÷ \$22,391,200 (Total non-administrative funds)
84% (Percent total estimated LMI benefit)

- 7) Performance Requirements for Past Grantees: Any grantee with a delinquent audit for any year, whether or not the grant is closed, is ineligible to apply for funding. This applies to all CDBG categories. The exception to this is for those counties that have delinquent audits, but are audited by the State Auditor's office. Also, a grantee with any **open** project awarded prior to March 15, 2004, which is not **closed** by March 15, 2006, is ineligible to apply in **any** FY2006 funding category. All documentation necessary for close-out must be received by March 1, 2006. This may apply to the grantee or the on behalf of applicant(s), whichever is applicable.
- 8) In addition, a grant applicant with a current project which has an outstanding monitoring finding made prior to February 1, 2006 and notified of by February 15, 2006 and which is unresolved at the time of application deadline, will have a five-point deduction made in the scoring of the application. Additional points may be deducted for missing application forms or other required application steps. Certain applications deficiencies may result in ineligibility. A list of all potential deficiencies, resulting in point deductions or ineligibility, will be provided as part of the application.
- 9) Contingent Funding: If an applicant proposes other state, federal, local, or private funds, or any other contingency item, **which are unconfirmed at the time of application**, they will be ineligible for FY2006 funds, except for otherwise specifically categories. The only other exceptions are bond elections, tax credit donations, and where referenced in the categories in the application. Applicants should notify DED of election results within a week of the election. If election fails, the application will be withdrawn from the consideration.
- 10) Affordable Rents: The state must provide criteria for *affordable rents* according to CFR 570.208(a)(3) as published September 6, 1988. The state will use HUD's Section 8 assisted Housing Program Fair Market Rents for this purpose.
- 11) First-time Homebuyer: The term first-time homebuyer means an individual or an individual and her or his spouse who have not owned a home during the prior 3-year period. A first-time homebuyer may purchase a home with CDBG downpayment assistance, except that:
 - a) Any individual who is a displaced homemaker may not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual, while a

homemaker, owned a home with her or his spouse or resided in a home owned by the spouse;

- b) Any individual who is a single parent may not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual, while married, owned a home with her or his spouse or resided in a home owned by the spouse; and
- c) An individual shall not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual owns or owned, as a principal residence during such 3-year period, a dwelling unit whose structure is –
 - i. not on a permanent foundation in accordance with local or other applicable regulations, or
 - ii. not in compliance with state, local, or model building codes, or other applicable codes, and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure, or
 - iii. a mobile home, not attached to a permanent foundation, and which is not considered real estate by the state.

The household may not own another residence even if that residence is rented.

In addition, recovering victims of catastrophic loss (e.g., the death of the family's principal wage earner, a failed self-employment business situation, loss of employment due to factory shutdown or an employer's reduction in force), victims of domestic violence that are legally separated from their spouses, and households who have purchased a home on a contractual basis but would otherwise qualify are also eligible as first-time homebuyers.

- 12) **Displacement Policy:** The state will discourage applicants from proposing displacement, unless a feasible alternative exists. Alternatives will be reviewed for feasibility, and technical assistance will be provided to applicants in order to minimize displacement. If displacement must occur, assistance under one of the following will be provided, depending upon the circumstances: the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as amended; Section 104(d), Section 104(k), or 105(a)(11) of the Housing and Community Development Act, as amended.
- 13) **Program Income:** Program income is the gross income received by a grantee or its sub-recipient from any grant-supported activity.
 - a) Program income includes, but is not limited to:
 - i. Income from fees for services performed;
 - ii. Proceeds from the sale of commodities or items fabricated under a grant agreement;
 - iii. Income from the sale or rental of real or personal properties acquired with grant funds;
 - iv. Payments of principal and interest on loans made with grant funds, including payback on deferred loans.
 - b) If interest in excess of \$100 is earned on grant funds for any calendar year, the excess must be returned to the U.S. Treasury through DED.

- c) Uses of program income:
 - i. Program income shall be used prior to draw down of additional active grant funds unless a reuse plan has been approved prohibiting same;
 - ii. Used in accordance with requirements of Title I of the Housing and Community Development Act;
 - iii. If generated by activities other than economic development loans, the expenditure shall be used for block grant eligible activities as approved by the state; and
 - iv. Program income generated by economic development loans shall be returned to the state.
- d) Local governments shall report the receipt and expenditure of program income to the Department of Economic Development as of June 30 and as of December 31 of each year, within fifteen days after each date.

14) **Professional Services:** An applicant has the option to select their engineer, architect, or administrator for their CDBG project prior to the preparation of an application or after a grant is awarded. They must, however, comply with state established procedures in their procurement practices if CDBG funds are to be used to finance such services. If the services are engineering or architectural, an applicant must comply with RSMo 8.285-8.292, unless a similar policy has been enacted by the applicant. If CDBG funds will be used for such professional services, there will be a maximum cost based on prescribed standards as follows:

- a) Engineering Design – standards set by ASCE Manual #45, pages 37 to 42.
- b) Architectural Design – 10% of construction costs.
- c) Construction Inspection – 75% of the cost of engineering design (a) or architectural design (b).
- d) Administration - 3% of the non-administrative CDBG project costs plus \$10,000 (water/wastewater, downtown revitalization, community facility, and other public needs projects); 1% of the non-administrative CDBG project costs plus \$7,000 plus \$200 per 10 jobs up to a maximum 50 jobs (economic development); 3% of the non-administrative CDBG project costs plus \$4,000 (emergency); 3% plus \$5,000 (microenterprise). For Rural Affordable Housing RFP projects, administration cannot exceed \$3,000 in CDBG funds. There are no administration funds offered from CDBG for engineering plans and specification or planning projects. These amounts represent the maximum amounts available for CDBG projects. The state reserves the right to apply less money to a project of low complexity.
- e) Audit – as required.
- f) Other Professional Services – negotiated.
- g) Demolition inspection – \$425/unit

Note: One firm or any principal or employee thereof cannot perform both engineering and administrative services on the same grant, regardless of source of payment. Professional services amounts will be based upon and approved for CDBG activities only.

15) The final rule of the new federal procurement regulations appeared in the April 19, 1995, Federal Register. This Public Law 103-355 replaces OMB-102, 24 CFR Part 85.36, and the common rule regarding procurement. If a state does not wish to adopt PL 103-355, which raises the maximum for small purchases bidding for goods or services from \$25,000 to \$100,000, it must formally adopt statewide standards or use specific rules under the CDBG program. For FY2006, the requirements of PL 103-355 apply to the CDBG program, **except** the threshold requirements for small purchases shall remain at \$25,000.

16) Timely expenditure of funds. HUD measures the:

- Obligation rate of funds (95% @ 12 months and 100% @ 15 months) and,
- Expenditure rate of funds (a percentage of the amount of funds available in the line of credit as compared to the total annual award amount; not to exceed 2.0-2.5)

The State achieves the required obligation ratios. However, the State does not always achieve the targeted expenditure rate of 2.0-2.5 measured at each month-end. It is imperative that recipient communities draw and spend the funds in a responsible time period. This requires close attention to project management.

17) Department of Economic Development direction, outcomes, and desired uses of funds:

- Priority for CDBG will be those projects making an economic impact to the community: increased jobs, increased private investment, and/or increased local revenue streams;
- Flexible, eligible uses of CDBG funds to meet the demands of the difficult and changing economic climate is important. The public is encouraged to suggest program opportunities consistent with the priorities listed above, and the Department may enlist them as amendments to this plan.

CDBG FUNDS DISTRIBUTION

1) Distribution Among Categories: The estimated amount of CDBG funds the state will receive from the Department of Housing and Urban Development for FY2006 is \$24,217,731.

Category	Allocation	Percentage
Water and Wastewater	\$7,641,200	32%
Community Facility	\$1,750,000	7%
Other Public Needs	\$3,250,000	13%
Emergency	\$500,000	2%
Economic Development	\$7,750,000	32%
Downtown Revitalization	\$2,500,000	10%
State Administration	\$584,354	2%
State Technical Assistance	\$242,177	1%
TOTAL	\$24,217,731	100%

a) Categorical Adjustment - The Department of Economic Development shall reserve 10% of the total CDBG allocation for use as needed among categories. The amount for state

administration may not exceed \$100,000 plus 2% of the total allocation. The Department reserves the right to allocate up to 1% of the total annual amount for technical assistance activities in accordance with the Department Housing and Urban Development regulations.

- b) **Other Funds Distribution** - Funds recaptured or otherwise reallocated from a previous fiscal year CDBG, state and HUD allocation may be allocated to any program category as determined by the Department. Program income recaptured by the state will be distributed to the economic development category, and the program income received from interim financing projects shall be used to honor previous funding commitments. The state may use up to 2% of all program income for state administration.
- c) The maximum amount of FY2006 funds that will be awarded for Interim Financing projects will be \$12,000,000 for 12, 18, and 24-month loans. The Department may extend the individual term of any interim financing loan beyond the agreed upon period subsequent to the Department's written determination and justification of the need for and feasibility of such an extension. The total amounts of CDBG funds committed to interim financing projects will not exceed \$12,000,000, per annual allocation, regardless of any extensions of the loan term.
- d) In the event the amount received from HUD is different from the amount identified in this document, the difference will be reflected as closely as feasible to the percentages above.
- e) The maximum outstanding amount of loans that the state would approve under the Section 108 program would be \$100 million, or \$7 million per year in outstanding aggregate debt service. The 108 loan may be subordinate to other loan funding in a project.

2) **Selection Criteria by Category:** The criteria used to select the projects in the various CDBG programs are presented below. Detailed guidance is provided in application materials developed for each program.

Water and Wastewater – Construction funds

Cycle – Open cycle based on availability of funding.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards.

Eligible Activities - Water and wastewater activities only, including treatment, distribution, and collection. Normal operation and maintenance activities are not eligible. Projects must benefit 51% or more residential units.

Application Procedure - Applicants anticipating the use of state and/or federal funds to finance water or wastewater system improvements must complete a preliminary project proposal, consisting of a two-page summary and preliminary engineering report. Each project proposal will be reviewed by the Missouri Water and Wastewater Review Committee (MWWRC). The MWWRC is comprised of the Missouri Department of Economic Development (Community Development Block Grant Program), Missouri Department of Natural Resources (State

Revolving Fund), and the U.S. Department of Agriculture (Rural Development). The MWWRC review process will occur as follows:

- 1) An original and five copies (**six total**) of the project proposal are submitted to one of the MWWRC agencies.
- 2) Upon receipt, the receiving agency distributes the project proposal to the remainder of the MWWRC members.
- 3) The committee will meet twice a month. Proposals received between the 1st and the 15th of any month will be placed on the meeting agenda for the 15th of the following month. Any proposal received between the 16th and the 31st of the month will be placed on the meeting agenda for the 30th of the following month.
- 4) Following its review, the MWWRC will reply to the applicant by written correspondence. This correspondence shall include a summary of the MWWRC comments pertinent to the technical, operational, or financial aspect of the project proposal. Substantive comments by the MWWRC must be resolved prior to receiving a recommendation from the MWWRC. A recommendation from the MWWRC will state the appropriate agency or multiple agencies from which to seek financial assistance. However, a recommendation from the MWWRC does not assure funding from each appropriate agency. Each agency on the MWWRC will receive a copy of all correspondence stated above.
- 5) Each funding agency will follow its own full application process. Applicants seeking funding from multiple agencies must submit a full application to each particular agency.
- 6) If a full application varies significantly from the recommended project proposal, or if the facts have changed such that the feasibility of the proposed warrants further investigation, any member of the MWWRC may request that the project be reviewed again.
- 7) Assistance will be recommended only to the extent necessary to complete project activities over and above local efforts, and for solutions considered appropriate and feasible by the MWWRC.

If a project proposal receives a recommendation from the MWWRC, a full CDBG application is required for submission. The following selection criteria will be used in reviewing the full application.

Selection Criteria –

- 1) *Need (35 points)*
 - 0-12 pts – Health and Safety
 - 0-10 pts – Environmental Damage
 - 0-06 pts – Economic Impact
 - 0-04 pts – Property Damage

A maximum of three (3) points will be distributed to projects representing these priorities:

- Lack of existing needed facility (3 points): Needed facility represents elimination of a threat and safety and at the same time is offered to a community that has the TMF capacity to own it.

- System Failure (3 points): Not related to poor operation and maintenance; failure proven to the degree of documentation – DNR support.
- Obsolescence of an existing facility – not defined as “design life” (2 points): Asbestos pipe, lead, radionuclides
- Regulatory requirements which mandate improvements (2 points): Differentiate between abatement orders versus abatement due to poor operation and maintenance.
- Natural or manmade disaster (2 points): Defining manmade to include pollution or contamination, not poor operation and maintenance.
- Improper design of existing facility (1 point): Definition must include what it is causing.
- Significant and unexpected growth (1 point): Economic development driven, regionalization, and government driven.
- Comprehensive, strategic, or capital improvement plan (2 points)
- Inherent social/economic factors (2 points): Unemployment, age, LMI.
- Potential or anticipated growth (0 points)
- Improper maintenance (0 points)

2) *Impact (35 points)*

0-10 pts – Strategy

0-10 pts – Cost Effectiveness

0-10 pts – Operation and Maintenance

0-05 pts – Project Readiness

3) *Local Effort (25 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant’s budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) *Past Efforts (5 points)*

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Water and Wastewater – Engineering facility plan/plans and specs grants

Cycle - Open cycle based upon availability of funds.

National Objective - Minimum 51% LMI for community wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards.

Eligible activities – Allows for procurement of a professional engineer to complete the facility plan and plans and specifications necessary for progress in the State Revolving Loan Fund Intended Use Plan process to access loan funds. Applicants must be on the IUP and must demonstrate an inability to finance the engineering. Engineering costs only, no administration.

Selection Criteria –

1) *Need (35 points)*

0-12 pts – Health and safety

0-06 pts – Environment

0-05 pts – Property damage

0-12 pts – Urgency

2) *Impact (35 points)*

0-08 pts – Number of beneficiaries

0-11 pts – Timeline established

0-07 pts – Future sustainability

0-09 pts – Unserved population (expansion)

3) *Local Effort (30 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-10 pts – TMF and in-kind

Priorities for all Water/Wastewater Projects: Projects that have achieved a responsible level of local participation by pursuing their debt capacity; projects that have initiated a responsible rate structure that provide adequately for operation and maintenance, employee overhead, debt service, reserve, and emergency funding; projects that represent a solid history of operation and maintenance; projects that can indicate the use of CDBG funds will provide rate affordability; projects that meet threats to health and safety.

Community Facility

Cycle – Open cycle based on availability of funds.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data, survey conducted in accordance with prescribed standards, or Limited Clientele if criteria met.

Eligible Activities – Senior center, day care center, community center, youth center, telecommunications, emergency 911, health center and all eligible activities designed to provide a service or group of services from one central location for a prescribed area of residents or users. This may include the infrastructure necessary to support the facility as well.

Selection Criteria –

1) *Need (35 points)*

- 0-07 pts – Health and Safety
- 0-07 pts – Education
- 0-07 pts – Lack of Existing Facility
- 0-06 pts – Number of Potential Users
- 0-04 pts – Economic Impact
- 0-04 pts – Measurable Outcomes or Goals

2) *Impact (35 points)*

- 0-10 pts – Strategy
- 0-10 pts – Cost Effectiveness
- 0-10 pts – Operation and Maintenance
- 0-05 pts – Project Readiness

3) *Local Effort (25 points)*

- 0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.
- 0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.
- 0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) *Past Efforts (5 points)*

- 0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Other Public Needs

Cycle – Open cycle based on availability of funding.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards. Slum/blight removal is also possible national objective.

Eligible Activities – Eligible activities which are not addressed with an existing CDBG funding category. These activities may include, but are not limited to, other public infrastructure, housing infrastructure, demolition, accessibility (Americans with Disabilities Act), Rural Affordable Housing Development (match for Low Income Housing Tax Credits), or any other activity deemed important for the economic growth of the community.

Priorities – Applications which focus on infrastructure or redevelopment activities.

Contingent funding – Projects may be awarded on a contingent basis to allow application periods for other matching funds.

Selection Criteria –

1) *Need (35 points)*

- 0-07 pts – Health and Safety
- 0-07 pts – Number of Persons Impacted
- 0-07 pts – Documentation of Problem
- 0-07 pts – Economic Impact
- 0-07 pts – Measurable Outcomes or Goals

2) *Impact (35 points)*

- 0-10 pts – Strategy
- 0-10 pts – Cost Effectiveness
- 0-10 pts – Operation and Maintenance
- 0-05 pts – Project Readiness

3) *Local Effort (25 points)*

- 0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.
- 0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.
- 0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) *Past Efforts (5 points)*

- 0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Other Public Needs - ADA

Cycle - Open cycle based on availability of funding.

National Objective - LMI benefit may be documented through census data or by using the definition of “limited clientele.”

Eligible Activities - Elevator and chair lift construction activities are prioritized. Major restroom renovations necessary to achieve compliance with the Act may be proposed subject to the availability of funds.

Threshold Criteria - An applicant must submit a plan for addressing all phases of accessibility that have not yet been achieved. The proposed project must be an integral part of this plan and must receive clearance from the State Historic Preservation Officer (SHPO) prior to application submission.

Selection Criteria –

1) *Need (35 points)*

- 0-09 pts – Population of Disabled and Elderly Persons

- 0-09 pts – Number of Floors Requiring Public Access
- 0-09 pts – Number and Type of Activities Conducted in Facility
- 0-08 pts – Special Health and Safety Concerns

2) *Impact (35 points)*

- 0-10 pts – Strategy
- 0-10 pts – Cost Effectiveness
- 0-10 pts – Operation and Maintenance
- 0-05 pts – Project Readiness

3) *Local Effort (25 points)*

- 0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.
- 0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.
- 0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) *Past Efforts (5 points)*

- 0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need. This may include efforts to access or develop other funding sources, use of force account labor, or other resources to achieve specific aspects of the local accessibility plan or other relevant efforts.

Other Public Needs - Affordable Housing RFP

Cycle – Open cycle based on availability of funds (part of the Other Public Needs category)

National Objective – 51% public facilities; 100% direct housing. LMI may be documented by HUD census data or survey conducted in accordance with prescribed standards.

Eligible Activities – applicants may submit proposals using prescribed form for all eligible activities necessary to construct or rehabilitate single family or multi-family housing. Off-site infrastructure, construction, acquisition, professional services, etc. are all eligible activities. Housing developed for homeownership shall not exceed 30% of LMI buyers' gross income and housing developed for tenant occupancy shall not propose rents that exceed HUD fair market rents.

Contingent funding – Projects may be awarded on a contingent basis to allow application periods for required matching funds.

Selection criteria –

1) *Need (25 points)*

- 0-20 pts – Documentation of need
- 0-05 pts – Market study

2) *Impact (45 points)*

- 0-05 pts – Cost-burdened households
- 0-05 pts – Overcrowded households
- 0-05 pts – Households with physical defects
- 0-05 pts – Local community plan
- 0-05 pts – Reasonable costs
- 0-10 pts – Site control
- 0-10 pts – CDBG subsidy structured in fair manner

3) *Strategy (30 points)*

- 0-05 pts – Creates single family units with homeownership options
- 0-05 pts – Redevelops existing rental complexes or historic renovation
- 0-05 pts – Includes community facility/services
- 0-05 pts – Includes local partners
- 0-05 pts – Supported by experienced development team
- 0-05 pts – Past performance record

Required Match – all applicants submitting an RFP under this program are required to propose applications under the MHDC LIHTC Program.

Emergency

Cycle – Open cycle based on availability of funding.

Minimum criteria (other than items previously mentioned in this document) - The need must be a serious threat to health or safety, be immediate, have developed or greatly intensified within the past 18 months, and be unique in relation to the problem not existing in all other communities within the state. Natural disasters are allowable under this program. Also, the applicant must lack the resources to finance the project. Only the **emergency** portion of a project will receive assistance. The applicant must exhaust its resources before CDBG funds may be used.

Economic Development

Cycle – Open cycle based on availability of funding. Approval is based on compliance with eligibility criteria and availability of funds. The minimum eligibility criteria stated below will vary on different types of businesses based on the projected economic impact, such as proposed wages, spin-off benefits, and projected industry growth. The specific eligibility criteria for each type of business will be stated in the program guidelines. When multiple CDBG funding tools are used for a project, CDBG funding from all programs is limited to \$25,000 per job.

Economic Development Infrastructure - Grants for the improvement of public infrastructure, which cause the creation or retention of full-time permanent employment by a private company(s) benefiting from the infrastructure. The grants shall be determined in accordance with the following schedule:

<u>Grant Amount</u>	<u>Maximum Per Job</u>	<u>Maximum as a Percent of Company's Capital Investment</u>
Up to \$500,000	\$10,000	35%
next \$250,000	\$5,000	20%
next \$250,000	\$3,000	8%
next \$500,000	\$2,000	2%

The Department has targeted a 20% match by the community based upon the availability of unencumbered city or county funds. This match may be achieved by, but not limited to, tax abatement, discounted utility fees, cash, or in-kind or any combination thereof. If the community is a distressed area, as defined by the Department, the match requirement may be decreased or waived.

The Department has established manufacturing industries as the priority beneficiary of economic development infrastructure funding. However, certain service industries and incubators are eligible to participate in economic development infrastructure projects. Retail firms are not eligible to participate.

The use of CDBG economic development infrastructure funding is generally limited to publicly owned infrastructure. However, privately owned infrastructure may be addressed with CDBG funding when 1) regulated as a public utility; 2) is a unique circumstance when private funding is unavailable to address the infrastructure; and 3) the project will result in high impact to the local economy in terms of job creation and private investment.

Action Fund - Loans, equity investments, or other type investments may be made to a **private company** for buildings, equipment, working capital, land, and other facilities or improvements in order to cause a project to occur which will result in the creation or retention of full-time permanent employment. Selection shall be determined by the need for assistance through a financial analysis of the company, and the documentation of the public benefit to be derived from the project. CDBG funds are limited to \$750,000 per project, 40% of the project costs, and a maximum CDBG cost per job created or retained will be \$25,000. In the event of retention, up to 100% of a project cost (up to \$100,000) may be funded, and if additional funds are needed, 40% of the remaining project costs (up to a grand total of \$750,000) may be funded. The interest rate of the loan will be determined by DED. The term of the loan will be determined by cash flow projections that will allow for the fastest repayment of principal and interest, but not more than 10 years. Nonprofit, public or quasi-public entities are not eligible to participate in the Action Fund program.

The Department has established manufacturing industries as the priority beneficiary of the Action Fund program. However, certain service industries are eligible to participate in the Action Fund program. Retail firms are not eligible to participate.

Interim Financing (Float) - Loans by grantee to a company for buildings, equipment, working capital, land, and other facilities or improvement where appropriate, in order to cause the creation or retention of a full-time employment. Basis of selection shall be the economic impact of the project and the amount of funds necessary to cause the project to occur. Loans are limited to 30% of the project costs, \$25,000 per job created or retained, or \$5 million per project, whichever is less. Loans must be secured by a Letter of Credit from a financial institution acceptable to DED or other acceptable collateral. The grantee shall be made aware of the policy of state recapture of program income.

The Department will continue to offer a program that uses CDBG funds that may be already obligated to projects, but not distributed. Such a program puts such funds at an element of risk. The applicant for interim financing programs shall be made aware of the policy for local retention of program income. Activities which may be performed in this program may include, but are not limited to, interim construction financing and other incentives for the creation of jobs, primarily for low and moderate income persons.

Speculative Industrial Building - Loans by grantee to non-profit development organization for the purpose of development of a shell building. Funds can be used for the purchase of land, the development of on-site infrastructure, the purchase of an existing building and improvements, or the construction of a new building. The maximum funding available is \$1 million per project. The term of the loan is a maximum of 30 months, payable in lump sum at the end of the term or when the building is sold or has a long term lease (more than 6 months). The interest rate is 1%. Selection is on a first come basis and will be offered to those applicants who meet the following basis eligibility requirements: 1) the loan must be secured by an irrevocable bank letter of credit for 100% of the loan; 2) permanent financing must be secured and guaranteed after the term of the loan in order to ensure payment should the building not be sold or leased by then; 3) the owner of the building must provide evidence of the ability and resources to adequately market the building; and, 4) the applicant must demonstrate a lack of suitable industrial buildings in the area. The department may withhold this program depending on the availability of industrial buildings in the state. A maximum of \$3,000,000 will be obligated in the Speculative Industrial Building Loan program at any given time.

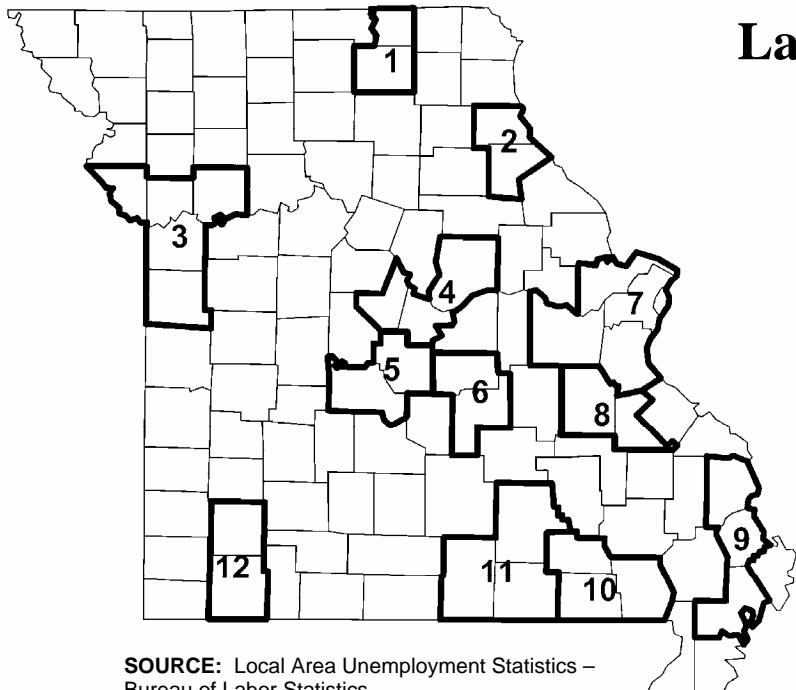
Section 108 - Loans by the grantee to a company for the purpose of job creation limited to the lesser of \$35,000 per new job created or \$7 million per project. Manufacturing, processing, assembly, corporate office, and warehousing/ distributing companies are prioritized for funding. The maximum repayment period is twenty years. The principal security for the loan is a pledge by the state of its current and future CDBG funds. Funding is on an on-going basis with no deadlines. The basis of selection is the need for the 108 loan to cause the project to occur.

Microenterprise: Loans by a grantee (or multiple grantees) to a business with less than five existing employees (including owners) for up to \$25,000 per business, or 70% of the project cost, whichever is lower. Funds may be used for machinery and equipment, working capital, land, and buildings. Loans to more than one company may be included in one grant to a city or county. At least one full-time equivalent job must be created or retained for each \$15,000 in loan proceeds with 51% or more to be low and moderate-income persons. The maximum amount of microloans allowed in any fiscal year will be \$1,000,000.

Job Training: A grantee may request funds to subcontract with a qualified non-profit or public entity to provide job training to persons who will be or are presently employed by a company (for profit or nonprofit). The funds would be used only for instructors, materials, or related training aids and expenses thereof. The maximum grant per company would be \$100,000, or \$2,000 per new job created, whichever is less. At least 51% of the new jobs created must be low and moderate-income persons. The training program must be acceptable to DED.

Labor Market Areas: No CDBG funds may be used in the relocation of a company from one area to another area, if the relocation is likely to result in a significant loss of employment in the labor market area from which the relocation occurs.

The state shall follow, until the final rule is published, the terms outlined in the proposal rule published October 24, 2000, in 24 CFR Part 570, "Prohibition on Use of CDBG Assistance for Job-Pirating Activities."



Labor Market Areas

1. Adair – Schuyler
2. Marion – Ralls
3. Kansas City
4. Cole – Callaway – Moniteau
5. Camden – Miller
6. Phelps – Maries
7. St. Louis
8. St. Francois – Washington
9. Cape Girardeau – Scott – New Madrid
10. Butler – Ripley – Carter
11. Howell – Oregon – Shannon
12. Lawrence – Barry

Sections of the state not included in the Labor Market Areas are analyzed by county.

Downtown Revitalization

Cycle – Open cycle based on availability of funding.

Minimum Criteria - Architectural design guidelines must be developed for the downtown district and private property improvements must be consistent with these guidelines to qualify as matching funds.

National Objective - Projects can address the national objective of elimination of slums and blight, or the 51% low to moderate (LMI) benefit. If utilizing the slums and blight objective, CDBG funds must address the slums and blight conditions in the central business district (CBD). The community must declare a blighted area consistent with the definition found in RsMO Chapter 353. The 51% LMI benefit can be met by using the community's LMI census data or conducting a household survey. The 51% LMI benefit can also be met through new job creation if guidelines relating jobs specific to the downtown project are met. The maximum funded per job created will be \$10,000.

Eligible costs - This program provides grants in aid in the improvement of public facilities within a definable downtown central business district (CBD). The maximum grant is \$400,000 and requires \$1 in private matching funds for every \$1 in CDBG funds.

Selection Criteria –

- 1) *Need (35 points)*

0-07 pts – Physical Revitalization Need

0-07 pts – Value of revitalization plan (realistic, attainable, logical, etc.)

0-07 pts – Parking/Accessibility

0-07 pts – Number of businesses in Revitalization Area

0-07 pts – Number of persons employed in Revitalization Area

2) *Impact (35 points)*

0-06 pts – Design guidelines and implementation

0-06 pts – Effective Marketing Plans

0-06 pts – Downtown organization capacity/business participation

0-06 pts – Relationship of project to revitalization plan

0-06 pts – Cost effectiveness

0-05 pts – Project readiness

3) *Local Effort (25 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by the population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

4) *Past Efforts (5 points)*

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

*For further information on rules or policies mentioned in this document,
contact the CDBG Program at (573) 751-3600.*

Output measures for the Community Development Division (in total)

Output Measures:	FY2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Projected
New and retained jobs	1089	2085	3549	1801	19891	2565
New and renovated facilities	22	50	122	85	129	120
New and improved infrastructure systems	61	80	37	78	126	40
New and rehabbed housing units	1455	919	1125	2829	2767	675
Increased persons receiving a certification						
Life Skill	-	-	285	182	45730	350
GED	-	-	-	35	554	150
Certification	18,500	19,500	40,500	13,148	1268	24,500
Increase amount of leverage	\$356.5M	\$469.8M	\$573.9M	\$543.3M	\$1078M	\$415.6M
<i>New Measures, No projected Figures For 01,02, 03.</i>						

CDBG measures only

Output Measures	FY2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Projected
New and retained jobs	-	-	18	0	12	20
New and renovated facilities	5	11	14	7	20	13
New and improved infrastructure systems	61	80	54	58	60	40
New and rehabbed housing units	280	262	320	324	324	300
Increased persons receiving a certification						
Life Skill	-	-	-	-	-	-
GED	-	-	-	-	-	-
Certification	-	-	-	-	-	-
Increase amount of leverage	\$117M	\$113M	\$128M	\$203M	\$111M	\$120M
<i>New Measures, No projected Figures For 01,02, 03.</i>						

McKinney-Vento Homeless Assistance Funds

THE MCKINNEY-VENTO HOMELESS ASSISTANCE FUNDS

MISSOURI DEPARTMENT OF MENTAL HEALTH

The Stewart B. McKinney Homeless Assistance Act, Pub. L. No. 100-77, 101 Stat. 484, was the first—and remains the only – comprehensive federal legislative response to homelessness. President Ronald Reagan signed it into law on July 22, 1987. This marked the federal government's recognition that homelessness is a national problem requiring a federal response.

The Act originally consisted of fifteen new programs providing a range of services to homeless people, including emergency shelter, transitional housing, job training, primary health care, education, and some permanent housing. In addition, it amended existing programs to include, improve, or expedite access for homeless people. As Omnibus legislation, the McKinney Homeless Assistance Act established or affected programs within eight different federal agencies. It included nine Titles.

Title IV authorized the emergency shelter and transitional housing programs administered by the Department of Housing and Urban Development, including the Emergency Shelter Grant program, the Supportive Housing Demonstration Program, Supplemental Assistance for Facilities to Assist the Homeless, and Section 8 Single Room Occupancy Moderate Rehabilitation.

Title IV of the Act provides for emergency shelter, supportive housing, a small program for single-room occupancy housing, a shelter plus care program, a safe havens demonstration program and a rural housing assistance program. HUD has consolidated the latter two programs as part of the supportive housing program. HUD administers each program and distributes funds to states, local governments, and private nonprofit entities.

In 1994 HUD instituted the Continuum of Care process as the mechanism for obtaining Supported Housing, Shelter Plus Care and Single Room Occupancy Mod Rehab dollars. The process for the Balance of State Continuum of Care is facilitated by the Department of Mental Health. Ten Regional Housing Meetings are held quarterly around the state. The Governor's Committee to End Homelessness is the entity that reviews and prioritizes the applications submitted each year under the Continuum of Care.

About 2.5 million dollars is available each year, and sometimes there are bonus monies. Unlike the other funding sources mentioned in the Action Plan, Continuum of Care McKinney-Vento funds are not block granted to the State but rather are a competitive process. In the last five years 24 projects have been funded. In the 2005 Balance of State Continuum 5 permanent housing proposals and 2 transitional housing proposals were submitted. Each year the request for funding on renewals requires a larger percentage of the funding available. In 2005 there were 4 renewals, three are Shelter Plus Care which is funded as a set aside through Federal legislation. However, each year it is expected that less and less funding will be available for new projects.

The Regional Housing meetings are the forum currently utilized to gather the data necessary to complete the Continuum of Care document. It is also the forum used to educate and train service providers and not for profit agencies about this funding source.

In the non-metropolitan areas of the state, obtaining a safe, decent, affordable home is difficult. 70% of all low income households or 84,455 households where at least one person has a disability are projected to be experiencing housing problems.

- Many areas of the state have a serious shortage of units that meet HUD Housing Quality Standards (HQS) which outlines the performance and acceptability requirements for those units of housing.
- Most areas of the state lack units that are affordable for that region.
- Most areas of the state lack units that are accessible.
- Many areas of the state lack units.
- Many people with disabilities and most Department of Mental Health Consumers are in the extremely low-income bracket and require additional subsidy in order to access low-income housing.
- Wait Lists for Section 8 vouchers are lengthy. While consumers are on the Wait List for Section 8, they are highly likely to be living in substandard or inappropriate housing.
- Landlords and property owners persist in discriminating against people with disabilities. It continues to be difficult to find landlords that will participate in rent subsidy programs and many continue to find reasons to reject people with disabilities as tenants.

According to the Missouri Association for Social Welfare 2001 report on Missouri Shelter Providers for Homeless People, there are 87,250 persons per year who are homeless. However, the definition for this number includes those persons living in overcrowded or “doubled up” situations. The number of persons who meet the HUD definition of homeless is 37,350 sheltered and 11,000 unsheltered persons in a year’s time. On any given day, 16,300 persons are living in shelters and 9,800 persons are unsheltered.

State data indicates 28% of those experiencing homelessness have a severe mental illness, 34% are addicted to drugs and/or alcohol and 10% are addicted to drugs/alcohol with a severe mental illness. Thirteen percent are people with HIV/AIDS, 27% are domestic violence survivors and 12% are Veterans. Homeless youth account for 17% of the homeless population. The data on the number of these persons actually receiving such services is not known.

For the person who is homeless and disabled, multiple barriers exist to accessing various mental health services, alcohol and drug treatment, health, housing and other social services. Services are often fragmented, as many communities/agencies/organizations do not collaborate to provide a seamless web of health and human services. In order to reduce homelessness among people with mental illness, substance abuse and other disabilities, several essential services must be provided to help them access the services system. Those services include outreach, engagement and intensive case management/service coordination activities.

Rental subsidies are needed for persons with disabilities in the low and very low-income category. Low-income multi-family housing at affordable rents is needed that is accessible to persons with disabilities. In many rural areas, there is a shortage of housing. Additional housing is needed for persons who receive rent subsidy assistance.

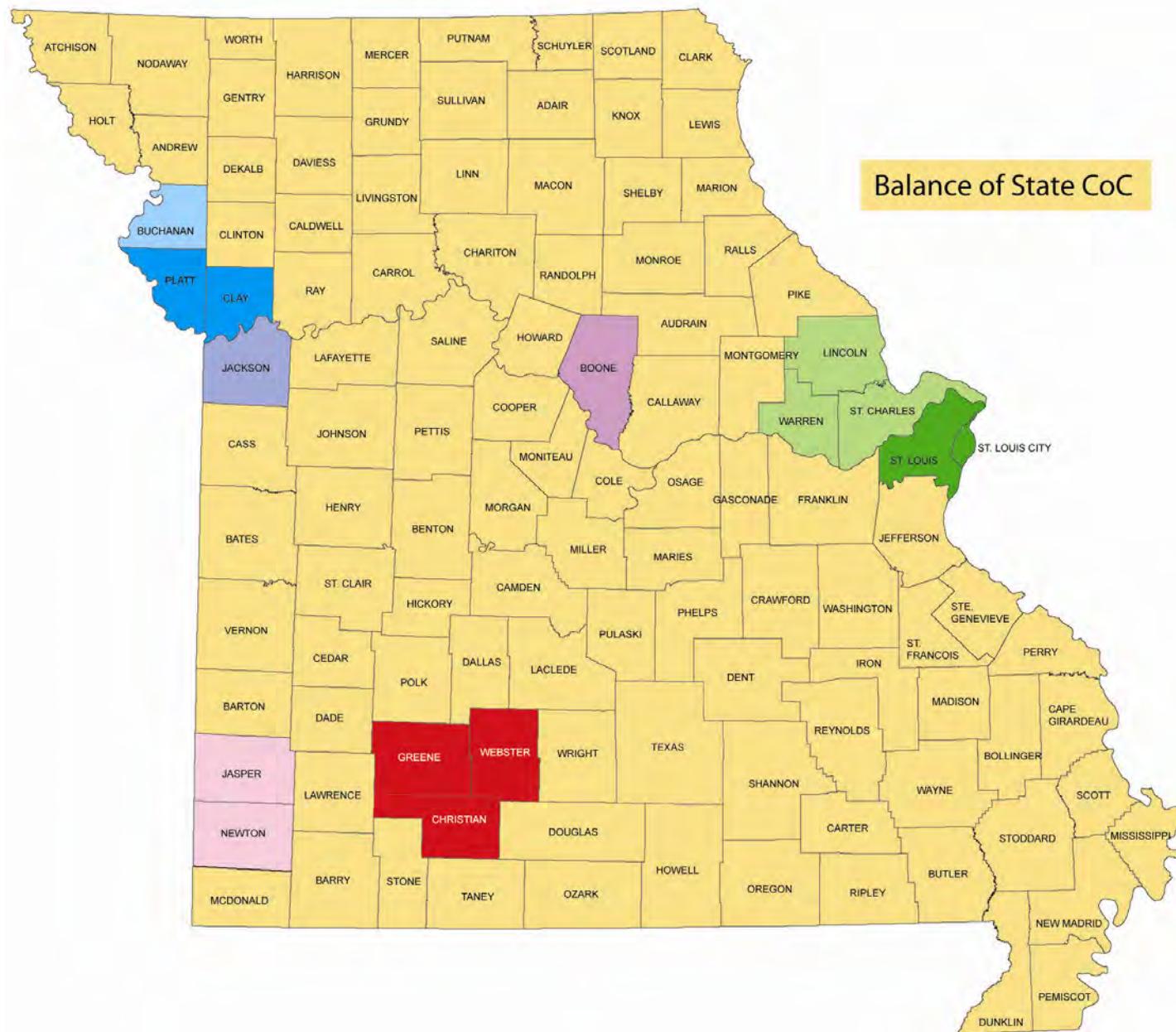
Nationwide, an unemployment rate for people with disabilities is around 80%. Studies have shown that most of these people can and want to work. We are working to identify and analyze

policies that foster or impede the participation of people with disabilities in rehabilitation or employment programs. Transportation is another serious obstacle to securing housing and/or employment and is particularly a vital need in the non-metropolitan, rural areas of the State.

Recommendations for increasing affordable housing options for those with disabilities include:

- Increase funding for the Missouri Housing Trust Fund and assure that a portion of those funds serve people with disabilities.
- Develop and implement housing rehab activities to assist consumers in maintaining their home.
- Increase the number of units that can be considered affordable housing
- Promote affordable housing as an asset for a healthy, economic viable community
- Increase awareness of ADA laws and discrimination laws through education
- Increase utilization of Continuum of Care monies for permanent, supportive housing.
- Increase access to Mainstream services for those experiencing homelessness
- Coordinate with Public Housing Agencies to assure that they apply for all rental assistance vouchers designated for people with disabilities
- Implement the State Action Plan to end homelessness in Missouri

STATE OF MISSOURI CONTINUUM OF CARE REGIONS



Lead Based Paint

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

CDBG PROGRAM EFFORTS TO REDUCE LEAD-BASED PAINT

The Missouri CDBG Program will continue its efforts to reduce and eliminate lead-based paint hazards in the non-entitlement areas of Missouri. The state will continue to provide technical assistance training for contractors to become licensed lead contractors, supervisors, and workers to increase the capacity in the state to address lead-based paint hazards. The state will also allow grantees to sponsor their rehab contractors, so they attend HUD Lead Safe Work Practices training. As the demand occurs, the state will sponsor HUD Lead Safe Work Practices training.

The Missouri CDBG Program will continue to operate its housing programs in compliance with the Residential Lead-Based Paint Hazard Reduction Act of 1992, which is also termed “Title X.” The applicable HUD regulations that implement Title X are published in the Code of Federal regulations at 24 CFR 35. The CDBG housing programs will also be implemented to comply with OSHA’s lead exposure standards and HUD’s lead safe work practices standards. The program’s housing rehabilitation activities will also be done in compliance with the Department of Health and Senior Services (DHSS) lead requirements under Chapter 701 of the Missouri Revised Statutes, except where preempted by HUD lead regulations.

Lead Remediation Activities Projected During the Next Five Years

- 1) Continue to identify resources to remediate properties where children have been found with elevated blood lead levels.
- 2) Decrease time between the identification of housing unit where an EBL child has been identified and when the unit has been fully remediated.
- 3) Determine areas in outstate Missouri that are high risk for lead hazards by using housing, prevalence of lead poisoning occurrences, and census data.
- 4) Continue to collaborate with the Missouri Department of Health and Senior Services to gain additional resources to remediate lead hazards in homes in outstate Missouri where EBL children reside or have resided. The Missouri CDBG program will commit matching funds in support of these applications.
- 5) Continue to build capacity in outstate Missouri for citizens to safely reduce lead hazards in their homes or rental properties by providing technical assistance training. The Missouri CDBG Program will provide free training to our grantees’ housing rehabilitation contractors to become licensed lead workers, supervisors, and contractors, or gain a HUD Lead Safe Work Practices Training certificate.
- 6) The Missouri CDBG Program will continue to allow grantees to use project funds, up to \$6,000 per unit, to reduce lead hazards during the rehabilitation of a property.
- 7) DHSS will implement their Lead Abatement Loan/Grant Fund pursuant to Missouri Revised Statutes Chapter 701.337.

STATE OF MISSOURI

CDBG LEAD-BASED PAINT PROCEDURE

INTRODUCTION

Rehabilitation projects funded prior to September 15, 2000

The State's lead based paint procedures will be the same for projects funded before and after September 15, 2000, with the following exceptions. For projects funded prior to September 15, 2000, the state's lead based paint procedures will only apply when CDBG funds are being used to rehabilitate homes that are occupied by:

- 1) Children under six years of age,
- 2) Rental units,
- 3) Women of childbearing age, and the
- 4) Acquisition of homes using CDBG funds.

Rehabilitation projects funded after September 15, 2000

All homes or rental units that receive rehabilitation assistance must have a lead risk assessment or lead hazard screen conducted. Then, the grantee must eliminate the identified lead hazards as far as practicable, unless the unit comes under one of the exceptions specified in 24 CFR 35.115. Grantee will be required to comply with the disclosure and notice requirements of 24 CFR 35. Subparts A and K when CDBG funds are involved in the acquisition of housing for homeownership programs.

Lead-Based Paint Procedures for State of Missouri's CDBG Grantees

24 CFR Part 35 implements the Residential Lead-Based Paint Hazard reduction Act of 1992. The CDBG program has adopted the following procedures, which we believe will meet these requirements. These include the following:

- We have established a cost threshold of a \$21,000/unit for rehabilitation activities that include lead hazard reduction activities.
- Grantees will be allowed to expend an amount, not to exceed \$6,000 per unit, for lead hazard evaluation and clearance. These funds will be used for lead risk assessments or lead hazard screens, and clearance for painted surfaces that will be disturbed during the rehabilitation process.
- For homebuyer activities selected by CDBG grantees, activities required by 24 CFR Part 35 will be required as is discussed below.
- DED will continue to provide technical assistance funds to train lead paint supervisors, workers, and risk assessors as the need arises. We will also sponsor the one-day HUD Lead Safe Work Practices Training based on an adequate demand for the course. We will allow our grantees to use administration line item funds to provide tuition for their project contractors on an individual basis to build the capacity in rural areas of the state to

undertake risk assessments, lead abatement, interim controls, or other allowed lead hazard control activities. We have provided HUD Lead Safe Work Practices trainings for the contractors and inspectors on CDBG projects in the rural areas as well as for the contractors and employees of PHAs, Section 8 providers, non-profits, and community action agencies. We will continue this practice in the rural areas of Missouri in our effort to maintain the capacity to have contractors with lead licenses or certificates that are qualified to reduce or eliminate identified lead hazards.

- To be eligible to participate in the scattered site or targeted rehabilitation program, applicants for CDBG funds must submit training certificates for at least two contractors that are willing to participate in the CDBG rehabilitation program. The certificates must, at a minimum, indicate that a three-day EPA/DHSS worker training has been completed.
- DED will recommend that all children under six years of age, where lead-based paint is identified, to take blood lead test before a house is rehabilitated. Based upon the blood lead level, the following actions are required:

<10 ug/dl	Followed procedure beginning with Step 1
10 – 15 ug/dl	All work that disturbs painted surfaces and lead hazard control activities must be conducted by licensed lead professionals.
15 – 19 ug/dl	Rehabilitation work cannot proceed until a second test is made after three months. If the second test is below 15 ug/dl, then rehabilitation may proceed as indicated for that category. The local public health agency must be contacted to help set up the occupant protection plan during rehabilitation work, or contact the Local Health Agency for further instructions.
>20 ug/dl or two tests >15 ug/dl	Contact the Local Health Agency to conduct the risk assessment and determine what environmental intervention procedures are warranted.

For vacant units, a blood lead test for children under six should be conducted as part of the application procedure to occupy any vacant unit. Contact your county's health department to inquire about their lead testing programs.

To meet the requirements of 24 CFR Part 35 for rehabilitation, lead hazards must be identified and, once identified, must be eliminated. The identification and elimination of lead hazards are activities that are regulated by EPA. The Missouri Department of Health and Senior Services (DHSS) has obtained approval through EPA to conduct licensing and enforcement activities that will meet EPA requirements. The DHSS Office of Lead Licensing and Accreditation has published regulations that will apply to the FY99 CDBG program and all previous programs. These regulations are called "Work Practice Standards." The Work Practice Standards are being enforced in accordance with a Missouri state law passed during the 97 – 98 legislative session.

Additional regulations pertain to the conduct of rehabilitation contractors disturbing lead painted surfaces. HUD regulations published on September 15, 1999 restrict the lead reduction activities of rehabilitation contractors beginning on November 15, 1999. These regulations prohibit dry sanding and scraping except in small areas, chemical stripping, abrasive blasting, burning, and heat guns above a certain temperature in all rehabilitation activities. Beyond the purview of the CDBG Program administration, any contractors addressing lead surfaces must comply with

OHSA regulations at 24 CFR 1926. These regulations require contractors to test all paint surfaces that will be disturbed for the presence of lead and to protect their employees from lead poisoning to the extent dictated by the results of their tests. Grantees may use CDBG-funded lead professionals to help contractors meet these requirements, although they are not required to do so. The procedures stated below will be used to meet the rehabilitation and acquisition requirements of 24 CFR 35.

STEP 1: PROCUREMENT OF A LICENSED RISK ASSESSOR

To identify lead-based paint hazards in houses built before 1978, a grantee must hire a licensed **risk assessor** to accomplish this task. EPA defines a risk assessment as “an on-site investigation to determine the existence, nature, severity, and location of lead hazards, and the provision of a report by the individual or the firm conducting the risk assessment, explaining the results of the investigation and options for reducing the hazard.” DHSS maintains a list of licensed risk assessors at www.dhss.state.mo/Lead/websitehtml.htm. Grantees will use the DHSS list to procure licensed lead risk assessors following our competitive proposal procurement method.

STEP 2: LEAD PAINT DOCUMENTATION

The following document should be prepared and used by grantees:

- 1) A rehabilitation contract that includes the following provisions:
 - a) Provisions prohibiting the use of lead-based paint.
 - b) Provisions requiring the contractor to comply with OHSA regulations at 24 CFR Part 1926.
 - c) Provisions prohibiting the use of unsafe work practices, as defined by HUD, for projects significantly disturbing lead painted surfaces.
- 2) A copy of the EPA Brochure, “Protect Your Family from Lead in Your Home,” will be provided to all tenants and property owners of pre-1978 housing that are rehabilitated with CDBG funds.
- 3) Contract specifications will contain safe work practice provisions to contain lead dust during rehabilitation activities that disturbs lead paint. The risk assessor or rehabilitation inspector should provide a copy of these provisions to the contractor and incorporate the provisions in the work specifications for each rehabilitation contract. These provisions will ensure that:
 - a) Prohibited paint removal methods will not be done under 24 CFR 35.140;
 - b) Occupant protection and worksite preparation will be followed under 24 CFR 35.1345;
 - c) Specialized cleaning will be implemented under 24 CFR 35.1350.

Specialized cleaning of lead dust will be done by the contractor in all rooms of the house where lead hazards are found. Specialized Cleaning involves the use of a HEPA vacuum and special soap for cleaning lead dust in a house. It is the most cost-effective form of short-term protection against lead hazards and does not require a licensed contractor.
- 4) A copy of a checklist to be signed by the property owner and tenants to indicate that they have received the following:
 - **EPA brochure**, “Protect Your Family from Lead in Your Home.”

- **A lead hazard evaluation report and/or partial inspection report.** The hazard evaluation report, such as a risk assessment report, must be provided to the property owner(s) and/or occupant within 15 calendar days of the time the report has been received by the grantee, or posted where residents can read the results of the evaluation.
- **A hazard reduction and clearance report** must also be provided to property owners and occupants within 15 days upon completion of the clearance test. This report must include a description of the types of lead hazard reduction activities completed and the results of the clearance testing. This report may also be posted at the site. Any hazards not addressed also must be reported.

STEP 3: DETERMINATION OF LEAD CONTROL PROCEDURES

1) Select houses that will be rehabilitated in accordance with the grantee's rehabilitation guidelines.

2) Determine if the house has one of the following characteristics:

- Built after 1978
- Was **designed** exclusively for occupancy by the elderly or persons with disabilities, unless the unit meets the EPA definition of a "child-occupied" house
- Is an efficiency unit, zero bedroom
- The house is unoccupied and will remain vacant until it is demolished
- Painted surfaces will not be disturbed
- The house has been tested and found to be lead free

If any of the above characteristics applies, then the property is **exempt** under 24 CFR 35.115 and no additional actions regarding lead are required.

3) Ensure that every property owner(s) and tenants of non-exempt houses to be rehabilitated is provided the EPA brochure, "Protect Your Family From Lead in Your Home." A copy of the brochure is contained in the CDBG Neighborhood Development Administrative Manual.

4) Identify those units, which are occupied by children six years of age or younger or are vacant or are to be occupied by children under 6. Since childcare can be a major criteria in determining if a house is "occupied by a child six years of age or younger," EPA has a specific definition for these "child-occupied" houses as follows:

- a) A building or portion of a building constructed prior to 1978;
- b) Visited by the same child 6 years of age or younger;
- c) On at least two different days within any week;
- d) Provided that each day's visit lasts at least three hours;
- e) And the combined annual visits last at least 60 hours.

STEP 4: CONDUCT THE PRELIMINARY REHABILITATION INSPECTION

For all non-exempt houses identified in STEP 3, the following items are required:

- 1) The rehabilitation inspector must conduct a preliminary rehab inspection to determine what HQS deficiencies exist. If the house is determined to be feasible to rehabilitate after a cost estimate for the work specifications has been prepared by the rehabilitation inspector, then one of the following courses of action may be taken as is determined by the grantee:
 - **Painted Surfaces will not be disturbed:** A disturbed surface is any surface that is scraped, sanded, cut, penetrated or otherwise affected in a manner that could potentially create a lead hazard by generating dust, fumes, or paint chips. If paint will not be disturbed, the house is exempt from lead requirements.
 - **Lead not assumed:** The grantee must provide a copy of the deficiency list to the lead risk assessor.
 - **Lead Assumed:** If the house is a pre-1950 house in “good” condition, the grantee may assume that all surfaces in the house contain lead and skip a lead hazard evaluation. “Good” will be defined by the grantee, however, the suggested thresholds will include houses with a rehabilitation cost below \$10,000 or houses which qualify as “good” for the purposes of determining qualification for a lead hazard screen, as defined in the HUD Guidelines for the Evaluation and Control of Lead-Based Paint in Housing. Under 24 CFR 35.125, a notification that lead has been presumed to exist on all painted or varnished surfaces must be sent to the property owners and occupants within 15-days of the date of presumption. Otherwise, skip to Step 6.

STEP 5: COMPLETE A LEAD HAZARD EVALUATION

Before a lead hazard evaluation is completed, a blood lead test should be provided for all houses with children under six before proceeding with the project. Contact your county’s health department to see if they provide free blood tests for lead.

Two approaches are applicable in completing the lead hazard evaluation:

Where the rehabilitation cost will be at or below \$5,000:

- 1) The risk assessor must determine from the work write-up which surfaces containing lead will be disturbed. These are the surfaces that could potentially cause a lead hazard during the course of the rehabilitation.
- 2) If lead levels do not exceed the applicable limits, the property is exempt, and no further actions are necessary.
- 3) If the lead levels are above the applicable limits:
 - a) The property owners and tenants must be provided and made aware of the results within 15 calendar days of the receipt of the results by the grantee.
 - b) The grantee may allow the property owner to undertake the rehabilitation work and lead reduction activities only if the property owner has a HUD lead safe work practices certificate.
 - c) The grantees must ensure and verify that the owner is following lead safe work practices and must conduct clearance testing of the worksite.

Where the cost of rehabilitation is \$5,000 - \$25,000:

If the risk assessor finds no lead above the applicable limits, then further lead procedures are not necessary. Otherwise, the grantee should ensure the following actions occurs:

- 1) The grantee should notify its risk assessor to conduct a risk assessment or lead hazard screen of the property. EPA defines a “lead hazard screen” as “a limited risk assessment activity that involves limited paint, dust, and soil sampling as described at 40 CFR 745.227(c).” A lead hazard screen can be used where a house is in generally good condition. The lead hazard screen should be less costly than a risk assessment.
- 2) Provide a copy of the risk assessment report to the property owner and the rehabilitation inspector. Ensure the property owner and occupant signs the forms indicating that they received the risk assessment report.
- 3) Homeowners are prohibited from doing any lead hazard reduction work. The grantee must use licensed lead personnel to conduct the lead reduction activities. If the work is coincidental to the rehabilitation work, then rehabilitation contractors with HUD lead safe work practices certificates may conduct those work activities.

STEP 6: OCCUPANT PROTECTIONS & TEMPORARY RELOCATION GUIDANCE

Grantee must implement measures to protect the occupants of the dwelling unit from exposure to lead hazards during the rehabilitation of their dwelling unit as described at 24 CFR 35.1345

Occupant Protections:

- 1) Occupants shall not be permitted to enter the worksite area until after the lead hazard reduction work has been completed and/or clean up and clearance achieved, as applicable below.
- 2) The occupants shall be temporarily relocated, before and during the lead reduction activities, to a suitable, decent, safe, and similarly accessible dwelling unit that does not have lead-based paint hazards, when the scope of the lead reduction activities requires it.

Temporary relocation is not required when:

- a) The lead reduction activities will not disturb lead-based paint, dust-lead hazards, or soil-lead hazards; or
- b) Only the exterior of the dwelling unit is treated (e.g., siding, fascia, soffit, or windows), and the windows, doors, ventilation intakes, and other openings in or near the worksite are sealed during hazard control work. Afterwards, the site must be cleaned and be entry free of lead-dust, lead-soil, and/or lead-debris hazards; or
- c) Treatment of the interior will be completed within one period of 8-daytime hours, and the worksite is contained/sealed-off to prevent the release of leaded dust and debris into other areas of the dwelling unit; and treatment does not create safety, health, or other environmental hazards (e.g., release of toxic fumes, exposed live electrical wiring, or on-site disposal of hazardous waste); or
- d) Treatment of the interior will be completed within 5 calendar days, and the worksite is contained/sealed-off to prevent the release of leaded-dust, and debris into other areas of the dwelling unit. Treatment does not create other safety, health, or environmental

hazards. At the end of each work day, the worksite and the area within 10 feet of the containment area is cleaned to remove any visible dust or debris, and the occupants have safe access to sleeping areas, a bathroom, and kitchen facilities.

- 3) The dwelling unit and the worksite shall be secured against unauthorized entry, and the occupant's belongings must be protected from contamination by dust and debris lead hazards during hazard reduction activities. Occupant's belongings in the contained area must be relocated outside of the contained area in a secured area or covered with an impermeable covering with all seams and edges taped or otherwise sealed.

Worksite Preparation:

- 1) The worksite shall be prepared to prevent the release of lead dust, and contain lead-based paint chips and other debris that result from the lead reduction activities within the work area until they can be safely removed. Lead safe work practices that minimize the spread of leaded dust, paint chips, soil, and debris shall be used.
- 2) **Warning signs shall be posted.** For interior hazard reduction activities, a warning sign must be posted at each entry to a room where lead reduction activities are being conducted when the dwelling occupants are present; or at each main and secondary entryway to a building from which occupants have been relocated. For exterior reduction activities, post warning signs where they can be easily read 20 feet from the edge of the lead reduction worksite area.

Each warning sign must be in the words of 29 CFR 1926.62(m) and provided in the occupants' primary language.

Lead Relocation Expenses: CDBG funds may be used to pay temporary lead relocation expenses. Out of pocket rent, utility, food, and moving expenses are eligible costs. Grantee must establish reasonable temporary relocation cost limits in their adopted housing rehabilitation guidelines prior to incurring such expenses. Grantees will be allowed to temporary relocate a family to a unit that it has determined to be lead-safe. The state will provide guidance and technical assistance materials the HUD training manual, "Making It Work: Implementing the Lead Safe Housing Rule in CDD-Funded Programs."

STEP 7: ACTIVITIES REQUIRING A LICENSED SUPERVISOR/CONTRACTOR

EPA requires that a licensed supervisor/contractor accomplish all lead **abatement** activities that are not coincidental to the rehab work. Any worker used by the supervisor must also be licensed. EPA defines "**abatement**" as "any measure or set of measures designed to permanently eliminate lead-based paint hazards."

Abatement does not include renovation, remodeling, landscaping or other activities, when such activities are not designed to permanently eliminate lead hazards, but instead are designed to repair, restore, or remodel a given structure or dwelling, even though these activities may incidentally result in a reduction or elimination of lead-based paint hazards. Furthermore, abatement does not include interim controls, operation and maintenance activities, or other measures and activities designed to temporarily, but not permanently reduce lead hazards.

A risk assessor may list several activities that will reduce lead hazards; however, some of these will not meet the definition of abatement, and they will not require use of a licensed supervisor/worker. The project administrator, rehabilitation inspector and risk assessor should

collaborate to determine and list activities for each work specification that will require a licensed supervisor/workers. In order to list these activities, the following process should be used:

- 1) Determine which components of the home were addressed as a HQS deficiency by both the rehabilitation inspection write-up and the risk assessment report. For these components:
 - a) Does the rehabilitation activity itself eliminate the hazard? For example, the rehabilitation inspector finds that a window needs to be replaced to meet DED HQS. Later, the risk assessor finds that the window also contains a lead hazard. This activity is considered a rehabilitation activity and a licensed contractor will not be required, but the contractor must have a HUD lead safe work practices certificate. Therefore, to qualify as a rehabilitation activity, the activity must be primarily necessary to resolve a non-lead HQS deficiency.
 - b) If the scope of the lead hazard reduction exceeds the scope of the rehabilitation activity, then the work activity requires a licensed contractor to permanently eliminate the lead-based paint hazard.
- 2) For activities listed by the risk assessor, which exceed the scope of the work required by the rehabilitation inspector, determine if the activity is an abatement activity or an interim control.

The following is a list of activities that are considered to be abatement activities and the contractor must be licensed if the work activities are beyond the scope of the HQS write up, i.e., not coincidental to the rehab:

- Replacement of siding with lead paint, which would include wrapping the house with insulation or wrap before installing the siding;
- Replacement of window and door units;
- Replacement of all trim in a given room in the house;
- Installing paneling, drywall, or other enclosure systems for all of the walls in a given room;
- Wet scraping, sanding, or removal of paint considered being in “**poor**” condition. EPA defines paint in poor condition as “more than 20 sq. ft. of deteriorated paint on exterior components with large surface areas; or more than 2 sq. ft. of deteriorated paint on interior components with large surface areas (e.g., walls, ceilings, doors); or more than 10% of the total surface area of the component is deteriorated on interior or exterior components with small surfaces areas (window sills, baseboards, soffit, trim).”
- Removing and replacing soil or covering soil with a permanent barrier, such as concrete.
- Encapsulation with a treatment rated to last more than 20 years (the definition of permanent)

The following is a list of activities that are considered interim controls and are described at 24 CRR 35.1330. These activities do not require the use of a licensed supervisor and worker, but the rehab contractors and their employees who perform these activities must have the HUD lead safe work practices certificate:

- Thorough cleaning as described in 35.1330(e)(2).

- Surface coating paint stabilization. This would include:
 - Wet scraping deteriorated paint surfaces that are not classified as being in poor condition.
 - Application of paint or encapsulants that have a lifetime rating of less than 20 years, even if applied over surfaces that were in poor condition and have been wet scraped by a licensed supervisor/worker.
- Replacement of window and door components to eliminate friction surfaces, but not the entire window or door unit. This could include rehanging or planing doors, removal and replacement of doorstops, and installing non-lead window components, such as window channel guides.
- Providing surface coatings over stairs and floors, such as carpet, tile, and sheet flooring without removing painted surfaces.
- Temporary covering of soils with landscaping materials, such as grass, rocks, mulch, unless it is a heavy traveled area, then follow 35.1330(f)(3)(A&B).
- Using barriers to prevent entry to hazardous areas, such as fencing, door locks, relocation of occupants, warning signs and barrier landscaping.

STEP 8: INTERVENTIONS REQUIRED AND RESPECTIVE CONTRACTOR QUALIFICATIONS

Under 24 CFR Part 35, one of the following four types of intervention must be implemented when lead is found.

- 1) No lead hazard control is specified because rehab work meets de minimis area levels, so significant surface areas will not be disturbed during the course of the work.
24 CFR Part 351350(d) does set a de minimis area of what is considered a significant paint disturbance. Significant means that
 - more than 20 sq. ft. on exterior surfaces,
 - more than 2 sq. ft. on interior surfaces,
 - more than 10% of interior and exterior components with small surface areas will be disturbed.

Examples of activities that do not significantly disturb de minimis surface areas include most electrical, some plumbing, HVAC installations, and other similar type activities. For activities that do not significantly disturb painted surfaces, contractors do not have to be lead licensed to conduct that activity. However, the contractor must repair any painted surfaces disturbed to intact condition.

- 2) Lead Paint will be significantly disturbed by rehabilitation work activities, but lead hazards not found by risk assessor.

Here, in addition to paint repair of any disturbed surfaces, contractors must use the **safe work practices at 35.1350**. Safe work practices include:

- Prohibited methods of paint removal

- Protection of occupants and the work site
- Specialized cleaning
- Clearance procedures by the risk assessor of the work site

These activities do not require the use of a licensed contractor.

3) Lead Assumed or Interim Controls Used to Address Lead Hazards

Where a grantee decides to **assume lead** is present without a lead hazard evaluation, then, in addition to using the procedures specified in 1 and 2 above, grantees must accomplish the following:

- Stabilize all deteriorated painted surfaces
- Ensure all horizontal painted surfaces are smooth and cleanable
- Correct dust generating conditions, such as friction surfaces on windows and doors.
- Treat bare soil areas
- Clearance shall be performed for the entire unit

Where a risk assessment is performed, the risk assessor may specify the options to reduce or eliminate the identified lead hazards in the risk assessment report. For all interim control activities, all work must be performed in accordance with 24 CFR Part 35.1330, which are HUD's Work Practice Standards for Interim Controls. A licensed abatement contractor must perform any stabilization of paint on large surface areas above the de minimis levels.

All interim control activities may be performed by unlicensed workers being supervised by a licensed lead paint supervisor, or by workers that have completed the three day lead worker training from a trainer accredited by the Missouri Department of Health, or by workers that have completed the Remodelers and Renovator's Lead-Based Paint Training Program, prepared by HUD and the National Association of Remodeling Industry, or by contractors and their employees who have completed the one-day HUD Lead Safe Work Practices Training if the abatement and/or interim lead control work is coincidental to the rehabilitation work.

4) For Lead Abatement Activities and Houses with an EBL Child

Begin by following the procedure specified in Step Six. Grantees will determine if any activities require a licensed supervisor/contractor. The grantee should procure a licensed lead supervisor/contractor from the list developed by the Missouri Department of Health and Senior Services. The grantee cannot contract with a contractor that is not on the DHSS' licensed list and the contractor cannot use unlicensed personnel to accomplish lead abatement activities. With abatement activities, the grantee has the following two options:

- a) The grantee may procure a rehab contractor in accordance with its adopted procurement and require the contractor to subcontract with a licensed lead supervisor/contractor; or
- b) The grantee may procure a rehab contractor who holds a supervisor/contractor's license to complete both the rehabilitation and lead abatement work.

Regardless of the lead reduction methods selected, recommendations developed by the risk assessor in their risk assessment report and in collaboration with the rehab inspector under Step 7 must be used.

If EBL Child in Home to be Rehabilitated with CDBG funds:

24 CFR 35.110 defines “environmental intervention blood lead level” as a confirmed concentration of lead in whole blood equal to or greater than 20 ug/dl for a single test or 15-19 ug/dl for two tests taken 3 months apart.” Grantees must follow the procedures stated in the introductory section of this section of the plan, which specifies the actions required based on the EBL level of the child.

When an EBL child is discovered in a housing unit that will receive state CDBG assistance, grantees will be required to follow procedures similar to those described in 24 CFR 35.730.

- 1) Reporting Requirement: The grantee shall report the name and address of a child identified as having an environmental intervention blood lead level to the local public health department within 5 working days of being so notified by any other medical health care professional.
- 2) Contact the local public health department to ensure that it will conduct a risk assessment within 15 days of having notice of the EBL child.
- 3) Collaborate with the local public health department to ensure that lead reduction activities will be conducted within 30 days of the local public health department receipt of the risk assessment report.
- 4) Provide risk assessment reports, clearance test results to the owners and/or tenants within 15 days of the completion of the lead reduction activities.
- 5) Temporary relocation assistance will be provided to the occupants until the unit passes the lead clearance levels.
- 6) Note: If a public health department has already conducted a lead evaluation of the unit, the requirement to conduct a risk assessment does not apply.

STEP 9: DEVELOPING THE LEAD HAZARD REDUCTION CONTRACT SPECIFICATIONS

The grantee’s rehabilitation inspector and risk assessor must collaborate to develop the lead hazard reduction specifications from the risk assessment report and rehab HQS write up. The risk assessor will be required to provide options to the grantee to addressing each identified lead hazard. Alternatives include standard treatment, interim controls, and abatement activities. The work specifications developed by the risk assessor in collaboration with the housing rehabilitation inspector to be used to address the hazards must be incorporated into a rehabilitation contract. Occupant and worker protection measures must be incorporated into the contract in order to ensure their protection from lead dust generated during the rehabilitation process.

If the owner insists on eliminating all lead hazards in the house through a more expensive method, and the CDBG cost limits will be exceeded, the owner has the option of agreeing to pay the difference, or the grantee will notify the owner of the remaining hazards, or alternatively, the grantee may walk-away from initiating the rehabilitation of the house.

STEP 10: MONITORING AND CLEARANCE

For lead abatement activities, the lead abatement contractor is required to submit a project notification and \$25 to DHSS 10 days prior to undertaking an “abatement” project. This notification is not required for interim controls and other activities. If changes in the project occur, DHSS requires a re-notification within 24 hours of the time the changes will occur. DHSS allows an emergency notification by phone within 24 hours of a project provided the emergency is justified through health and safety concerns.

The risk assessor or the rehabilitation inspector may conduct interim inspections; however, the grantee must still approve payment requests. Contractors are required to ensure that OHSA requirements, including any required air monitoring and worker protection requirements, are being met.

Following any lead hazard reduction activity or rehabilitation activity that significantly disturbs a painted surface, the grantee’s risk assessor will conduct a visual inspection and take a number of dust tests as specified by DHSS. The purpose of the tests is to determine if all work areas are safe for re-occupancy at the time the project is completed. Generally, a risk assessor should conduct the clearance test as soon as possible after work completion to minimize the inconvenience to the occupants of the house. If the tests do not pass, the licensed supervisor must return to complete additional cleaning activities and the risk assessor repeats the process until EPA acceptable dust control requirements have been met. DHSS also requires that the licensed lead paint supervisor prepare a post abatement project report and provides this to the project owner. Additionally, HUD requires that a notice of lead hazard evaluation be submitted to the project owner and tenants or posted in the unit within 15 days after completion of the clearance test. The risk assessor must submit three copies of the clearance report to the city. Final payment for any project should not be made until all reports are submitted and clearance has been achieved.

REQUIRED PROCEDURE FOR EXISTING HOUSING HOMEBUYER PROGRAMS OR FOR ACQUISITION & RELOCATION ACTIVITIES WHEN USING CDBG FUNDS

24 CFR 35 Subpart A provides the compliance procedures that the state's CDBG grantees will be required to follow when implementing activities to acquire homes or relocate tenants that involves the use CDBG funds. The state program will require grantees to adhere to the following procedures.

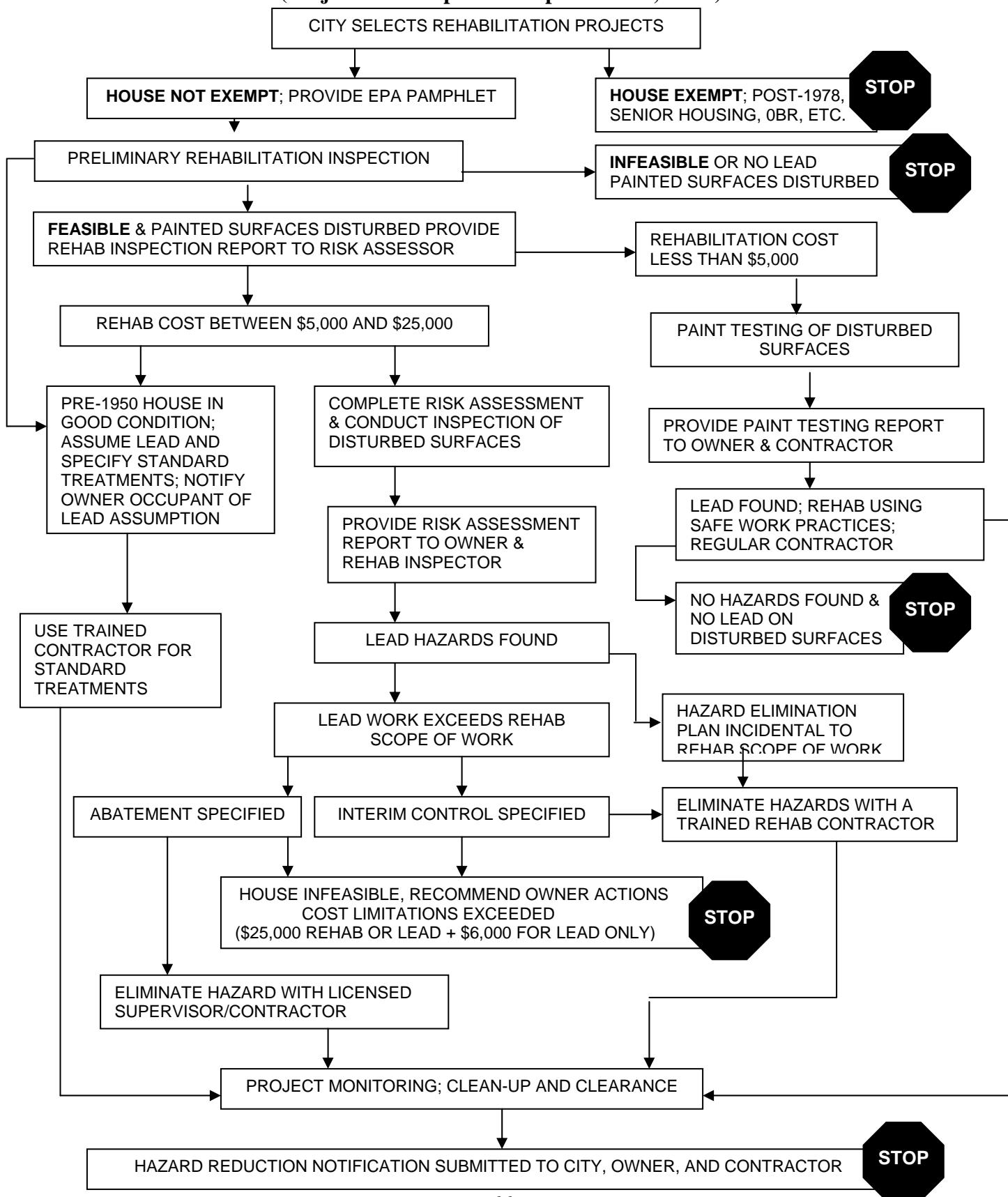
For Homebuyer Programs or Relocation & Acquisition Activities:

- 1) Determine if the property is exempt from lead requirements using the same criteria as identified in "Step 3" under rehabilitation. 24 CFR 35.86 exempts post-1978 constructed houses, 0-bedroom dwellings, and housing for the elderly or persons with disabilities.
- 2) Sellers, lessors, or their agents must provide LMI homebuyers and lessees the EPA pamphlet, "Protect Your Family from Lead in Your Home."
- 3) Sellers, lessors, or their agents must meet the lead disclosure requirement. They must disclose to the buyer her/his knowledge of any known lead-base paint and/or lead-based paint hazards at the premise. The seller must provide any information that is the basis of a disclosed lead paint or lead hazard, such as a lead risk assessment report.
- 4) Seller must notify and allow the buyer a 10-day period to conduct a lead risk assessment before the buyer is obligated under any contract to purchase the home (see Subpart A 35.90a). The buyer may waive that right, but the waiver must be in writing. Alternatively, the buyer and seller may agree in writing to a different time period for the risk assessment. However, if the disclosure takes place after the buyer makes an offer, the seller must complete the disclosure requirements in the above numbers 2, 3, and 4 prior to accepting the buyer's offer.
- 5) Grantees will be required to ensure that the "Lead Warning Statement" that is specified in 35.92(a)(1) and 35.92(b)(1) are included in all sales contracts and leases that involves the use of CDBG funds.
- 6) Grantees will be required to have the sellers, buyers, lessors, lessees, and/or agents certify compliance with numbers 2, 3, 4, and 5 in writing.
- 7) In compliance with 35.92c, grantees will be required to retain copies of the sales contracts and leases with "Lead Warning Statement," the disclosure statements and information, and certifications of the receipt of the requisite documentation.
- 8) The grantee must conduct a visual assessment of all deteriorated paint surfaces and test paint on all deteriorated paint surfaces. The paint testing must be accomplished by a lead risk assessor or inspector licensed by the Missouri Department of Health and Senior Services.
- 9) At a minimum, all deteriorated paint surfaces must be stabilized in accordance with procedures for rehabilitation in Steps 7 – 9 above. This includes the use of safe work practices and clearance procedures for non-de minimis surface areas. For non-de minimis surface areas, the use of a licensed lead contractors is required, unless the work activities are coincidental the rehabilitation of the unit.

- 10) Grantees must meet the notice of lead evaluation and reduction requirement of 35.125. They must provide the prospective buyer(s) the risk assessment report and results of the clearance test.
- 11) Clearance must be achieved before occupancy if a vacant unit, or immediately after CDBG assistance is provided where a unit is already occupied.

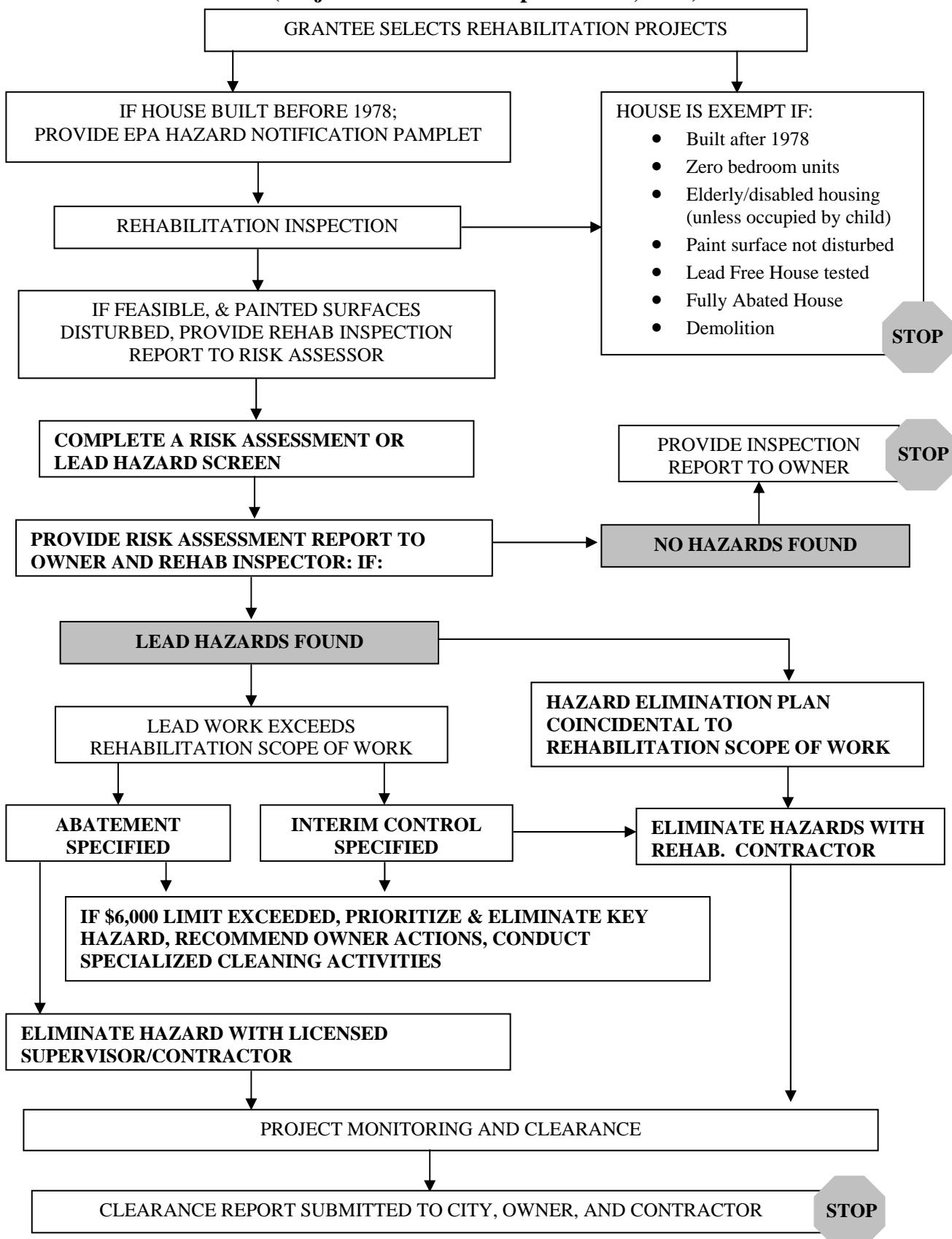
LEAD-BASED PAINT REHABILITATION PROCEDURE

(Projects funded prior to September 15, 2000.)



LEAD-BASED PAINT PROCEDURE

(Projects funded after September 15, 2000)



LEAD BASED PAINT PLAN

MISSOURI HOUSING DEVELOPMENT COMMISSION

Background

The Missouri Housing Development Commission (MHDC) has historically followed the lead based paint plan of the Department of Housing and Urban Development (HUD) and the Environmental Protection Agency (EPA) relating to housing. In the 1970s and 1980s, MHDC used the HUD approach to the Lead Based Paint Poisoning Prevention Act and the subsequent versions of regulations as presented in the Code of Federal Regulations, No. 24, Part 35. In 1991, these standards were revised extensively for Public and Indian Housing, and in 1992 the Lead-Based Paint Hazard Reduction Act of the Housing and Community Development Act extended some controls into rental housing. The Reduction Act, or Title X, lead to the publication in the summer of 1995 of the HUD Guidelines for the Reduction of Lead Based Paint Hazards, and the HUD regulations published in September 1999.

Concurrently with these actions, Missouri adopted statutes 701.300 through 701.338 establishing a Lead Commission and a set of standards and qualifications for the licensing of the testing and lead construction abatement industry in Missouri. At that time in 1995, MHDC developed and began following its own Lead Based Paint Policy and Procedures. These standards have been adopted to comply with the 24 CFR Part 35, current HUD regulations, and the EPA and State recommended work practices.

Preliminary Impact

Housing constructed prior to 1978, before lead was banned from residential paint, can pose serious hazards to the very young if the painted surfaces are allowed to wear or to deteriorate. This potentially impacts MHDC in four areas: through properties being funded for rehabilitation under MHDC's Rental Housing Production and Preservation Programs; the HOME Repair Program; rental properties for which MHDC administers rental assistance programs; and in those properties constructed before 1978 and for which MHDC currently holds a mortgage.

Proposed Response

What follow are general descriptions for the lead hazard evaluation of properties and for lead hazard reduction procedures to be followed, when warranted, if a hazard is present.

HOME RENTAL HOUSING PRODUCTION & PRESERVATION PROGRAM

GUIDELINES FOR REHABILITATION PROJECTS

- 1) MHDC incorporates required lead-based paint information in the application package for all MHDC rental housing production funds.
- 2) Developer to submit following documents with initial application for funding.
 - a) Age of Structure
 - b) Implementation Plan for structures built before 1978
 - i. Tenant Notification Procedures
 - ii. Lead Hazard Evaluation Procedures
 - iii. Lead Hazard Reduction Procedures
 - iv. Ongoing Maintenance Procedures, if required.
- 3) Developer to submit the following documents with application for firm commitment.
 - a) Phase I Environmental Report with potential lead hazard identified.
 - b) Required lead hazard reduction work and protective measures incorporated into the construction documents.
- 4) MHDC reviews the level of HOME rehabilitation assistance and calculates the applicable lead-based paint requirements.

HOME REPAIR PROGRAM

LEAD BASED PAINT

(24 CFR PART 35)

REFERENCE GUIDE

(Sub-Grantees are to refer to, and comply with, all of the actual lead paint regulations. The following is only an overview.)

A. HUD's Lead-Safety Regulation

Federal Register (Wednesday, September 15, 1999)

Department of Housing and Urban Development

24 CFR Part 35, et al.

Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federal Owned Residential Property and Housing Receiving Federal Assistance; Final Rule

B. Exemptions 24 CFR 35.115

Post-1977 housing (1978 and newer)

Zero-bedroom units

Housing exclusively for elderly or disabled (and no child under 6 present or expected)

Property certified as lead-based paint free

Property where lead-based paint was removed

Nonresidential part of property

Rehabilitation or maintenance activities that do not disturb painted surfaces

Emergency actions

C. Documentation Required

Notice To Occupants

Distribution of the EPA Lead Hazard Information Pamphlet to homeowner

“Notice of Hazard Evaluation” (or presumption) within 15 days and “Notice of Hazard Reduction & Clearance” within 15 days

Hazard Reduction (documentation)

Final scope of work with both lead- and non lead-paint (sent with Setup)

Worker qualifications (must be pre-approved with MHDC)

Safe Work Practices at 24 CFR Part 35.1350 observed (certification form)

Clearance must be achieved after all rehab work done

Clearance Report (after all rehab)

copy & qualifications sent to Division of Housing at time of payment request
(certified paint inspector or risk assessor)

D. General Procedural Overview

Visual assessment walk-through by HQS inspector trained in visual assessment per self administered HUD Internet course at <http://www.hud.gov/offices/lead>. Looks for defective paint and applies the *de minimis levels* - 24 CFR Part 35.1350(d) - to all rehabilitation work to be performed regardless of defective paint.

De Minimis Levels are exception to safe work practices.

Work which disturbs less than:

20 square feet on exterior surfaces,

2 square feet in any one interior room or space, or

10 percent of area of a interior or exterior component with a small area (sills, baseboards, etc.)

Scope of work must integrate both “lead” and “non-lead” triggered activities. (Provide preliminary work write-up to Risk Assessor, then incorporate the assessment’s findings.)

Lead-Triggered Activity: anything that is a lead hazard, or reduces a lead hazard.

Any defective paint surface (until tested to be nonlead)

Any rehabilitation work, greater than the ‘de minimis levels’, disturbing a lead painted surface to be performed with safe work practices

Any interim controls or abatement activities from risk assessment

Course of Action:

- 1) Determine level of hazard evaluation and reduction (24 CFR 35.915-930)
- 2) Presume lead or evaluate (*option* – 24 CFR 35.120), evaluate recommended
- 3) Perform paint testing and/or risk assessment by certified personnel
- 4) Include in the scope of work for “lead” activities the interim controls and/or abatement recommendations from a risk assessor, and safe work practices for items determined to be lead paint.
- 5) Determine impact of ‘occupant relocation’ requirements (24 CFR 35.1345).
- 6) Based on the results of paint testing and/or risk assessment, establish contractor qualifications (*see safe work practices and 35.1325-1330*), safe work practices to be used (including occupant protections), and achieving clearance in bid invitation and contract.
- 7) Relocate occupants and belongings (24 CFR Part 35.1345)

- 8) Supervise work so that “**Safe Work Practices**” at 24 CFR Part 35.1350 are used: worksite is prepared/contained and occupants and their belongings are protected, prohibited methods of paint removal are not used, specialized cleaning is conducted to achieve clearance. Inspect in progress and Certification (Handbook)
- 9) Achieve clearance and obtain report approval, after all rehab work is done.

E. Lead Hazard Evaluation Methods & Qualifications

- 1) **Visual Assessment:** A visual assessment for deteriorated paint consists of a visual search for cracking, scaling, peeling, or chipping paint. This assessment does not identify the presence of lead, only the potential danger. The assessment is performed by either a certified risk assessor or Housing Quality Standards (HQS) inspector trained in visual assessment.
- 2) **Paint Testing:** entails testing painted surfaces to determine if they contain lead-based paint, using methods such as XRF analyzer or a laboratory analysis. (Note: Paint testing differs from a lead-based paint inspection, which is a surface-by-surface investigation to determine the presence of lead-based paint. Typically, the XRF analyzer is used for an inspection. Because an inspection evaluates all painted surfaces, is more comprehensive than the paint testing.) Paint testing must be conducted by state certified paint inspectors or risk assessors.
- 3) **Risk Assessment:** is a comprehensive investigation of a dwelling to identify lead-based paint hazards that includes paint testing, dust and soil sampling, and a visual evaluation. Risk assessment details are summarized in a written report with recommendations for actions. A certified risk assessor must conduct the assessment.
- 4) **Lead Hazard Screen:** A lead hazard screen is similar to a risk assessment. The sampling is less extensive, but the requirements are more stringent. If the unit fails the lead hazard screen, then a full risk assessment must be performed. The screen must be performed by a certified risk assessor.

F. Lead Hazard Reduction Methods:

- 1) **Paint Stabilization:** reduces exposure to lead-based paint by addressing deteriorated paint on exterior and interior surfaces through repairs, safe paint removal, and repainting or abatement.
- 2) **Interim Controls:** (24 CFR 35.1330) Temporary measures to reduce human exposure to lead-based paint hazards through repairs, painting, maintenance, special cleaning, occupant protection measures, clearance, and education programs. Interim control methods require safe practices and include:

Paint stabilization – All deteriorated paint on exterior and interior surfaces must be stabilized through repairs, safe paint removal, and repainting.

Treatment for friction or impact surfaces – If lead-based paint is found and exceeds acceptable levels or is presumed, the conditions creating friction or impact with surfaces with lead-based paint such as those that rub, bind, or crush must be corrected. Examples of this work include re-hanging binding doors, installing door stops, or reworking windows.

Treatment for chewable surfaces – If a child under six has chewed surfaces known to contain lead-based paint or if lead-based paint is presumed, these surfaces must be enclosed or coated so they are impenetrable.

Lead-contaminated dust control – All horizontal surfaces that are rough, pitted, or porous such as bare floors, stairs, window sills, and window troughs must be covered with a smooth, cleanable covering or coating such as metal coil stock, plastic, polyurethane, or linoleum. Carpeting must be vacuumed or rugs must be removed and vacuumed on both sides. Vacuuming must be done using HEPA vacuums.

Lead-contaminated soil control – If soil is lead-contaminated, interim controls that may be used include impermanent surface coverings such as gravel, bark, and sod as well as land use controls such as fencing, landscaping, and warning signs.

Interim Controls (including Standard Treatments) (*24 CFR 35.1330*): the workers should be trained in accordance with the OSHA Hazard communication requirements (*29 CFR 1926-59*) and either be supervised by an individual certified as a lead-based paint abatement supervisor, or must have successfully completed one of the following courses:

LBP abatement worker or supervisor (*40 CFR 745.225*)

Operations and Maintenance (NETA)

Remodeler's and Renovator's Lead-Based Paint Training Program" developed by HUD and the National Association of the Remodeling Industry; or

An equivalent course approved by EPA or HUD

- 3) **Standard Treatments Option:** (*24 CFR 35.35.120 & 35.1335*) In some cases, standard treatments may be conducted in lieu of interim controls on all applicable surfaces, including soil, to control lead-based paint hazards that may be present. All standard treatment methods must follow the same safe work practice and clearance requirements that apply to interim control activities. These methods include:

Paint stabilization: All deteriorated paint on interior and exterior surfaces must be stabilized through repairs, safe paint removal, and repainting or abatement.

Smooth and cleanable horizontal surfaces: All horizontal surfaces that are rough, pitted, or porous such as bare floors, stairs, window sills and window troughs must be covered with a smooth, cleanable covering or coating such as metal coil stock, plastic, polyurethane or linoleum.

Correction of dust generating conditions: All conditions that generate lead-contaminated dust such as those that rub, bind, or crush surfaces with lead-based paint must be corrected. Examples include re-hanging doors, installing door stops, or reworking windows.

Treatment of bare residential soil: soil is addressed using interim control methods including impermanent surface coverings such as gravel, bark, and sod as well as land use controls such as fencing, landscaping, and warning signs.

- 4) **Abatement:** permanently removes lead-based paint and lead-based paint hazards by removing lead-based paint and its dust, or permanently encapsulating or enclosing the

lead-based paint, replacing components with lead-based paint, and removing or permanently covering lead-contaminated soil. Encapsulation and enclosure require ongoing maintenance to check their effectiveness.

Abatement must be conducted by certified abatement workers who successfully completed a lead-based paint abatement worker course accredited by EPA. These workers must be supervised by a lead-based paint abatement supervisor certified under a State program authorized by EPA, or conducted by EPA.

G. Safe Work Practices (24 CFR 35.1350)

Prohibited methods: Methods of paint removal listed in Sec. 35.140 shall not be used.

Occupant protection and worksite preparation: Occupants and their belongings shall be protected, and the worksite prepared, in accordance with Sec. 35.1345.

Specialized cleaning After hazard reduction activities have been completed, the worksite shall be cleaned using cleaning methods, products, and devices that are successful in cleaning up dust-lead hazards, such as a HEPA vacuum or other method of equivalent efficacy, and lead-specific detergents or equivalent.

De minimis levels. Safe work practices are not required when maintenance or hazard reduction activities do not disturb painted surfaces that total more than:

1. 20 square feet (2 square meters) on exterior surfaces;
2. 2 square feet (0.2 square meters) in any one interior room or space; or
3. 10 percent of the total surface area on an interior or exterior type of component with a small surface area. Examples include window sills, baseboards, and trim.

Prohibited Methods of Paint Removal (24 CFR 35.140)

The following methods shall not be used to remove paint that is, or may be, lead-based paint:

- 1) Open flame burning or torching.
- 2) Machine sanding or grinding without a high-efficiency particulate air (HEPA) local exhaust control.
- 3) Abrasive blasting or sandblasting without HEPA local exhaust control.
- 4) Heat guns operating above 1100 degrees Fahrenheit or charring the paint.
- 5) Dry sanding or dry scraping, except dry scraping in conjunction with heat guns or within 1.0 ft. (0.30 m.) of electrical outlets, or when treating defective paint spots totaling no more than 2 sq. ft. (0.2 sq. m.) in any one interior room or space, or totaling no more than 20 sq. ft. (2.0 sq. m.) on exterior surfaces.
- 6) Paint stripping in a poorly ventilated space using a volatile stripper that is a hazardous substance in accordance with regulations of the Consumer Product Safety Commission at 16 CFR 1500.3, and/or a hazardous chemical in accordance

with the Occupational Safety and Health Administration regulations at 29 CFR 1910.1200 or 1926.59, as applicable to the work.

Occupant Protection (24 CFR 35.1345)

Occupants shall not be permitted to enter the worksite during hazard reduction activities (unless they are employed in the conduct of these activities at the worksite), until after hazard reduction work has been completed and clearance, if required, has been achieved.

Occupants shall be temporarily relocated before and during hazard reduction activities to a suitable, decent, safe, and similarly accessible dwelling unit that does not have lead-based paint hazards, except if:

Treatment will not disturb lead-based paint, dust-lead hazards or soil-lead hazards;

Only the exterior of the dwelling unit is treated, and windows, doors, ventilation intakes and other openings in or near the worksite are sealed during hazard control work and cleaned afterward, and entry free of dust-lead hazards, soil-lead hazards, and debris is provided;

Treatment of the interior will be completed within one period of 8-daytime hours, the worksite is contained so as to prevent the release of leaded dust and debris into other areas, and treatment does not create other safety, health or environmental hazards (e.g., exposed live electrical wiring, release of toxic fumes, or on-site disposal of hazardous waste); or

Treatment of the interior will be completed within 5 calendar days, the worksite is contained so as to prevent the release of leaded dust and debris into other areas, treatment does not create other safety, health or environmental hazards; and, at the end of work on each day, the worksite and the area within at least 10 feet (3 meters) of the containment area is cleaned to remove any visible dust or debris, and occupants have safe access to sleeping areas, and bathroom and kitchen facilities. (HUD Interpretive Guidance J24 – “The term “interior work” refers to work in a single room. See also R18 and R19.)

The dwelling unit and the worksite shall be secured against unauthorized entry, and occupants' belongings protected from contamination by dust-lead hazards and debris during hazard reduction activities. Occupants' belongings in the containment area shall be relocated to a safe and secure area outside the containment area, or covered with an impermeable covering with all seams and edges taped or otherwise sealed.

Worksite Preparation: 24 CFR 35.1345

The worksite shall be prepared to prevent the release of leaded dust, and contain lead-based paint chips and other debris from hazard reduction activities within the worksite until they can be safely removed. Practices that minimize the spread of leaded dust, paint chips, soil, and debris shall be used during worksite preparation.

A warning sign shall be posted at each entry to a room where hazard reduction activities are conducted when occupants are present; or at each main and secondary entryway to a building from which occupants have been relocated; or, for an exterior hazard reduction activity, where it is easily read 20 feet (6 meters) from the edge of the hazard reduction activity worksite. Each warning sign shall be as described in 29 CFR 1926.62(m), except

that it shall be posted irrespective of employees' lead exposure and, to the extent practicable, provided in the occupants' primary language.

H. Lead Hazard Criteria (Deteriorated paint)

Lead in dust (clearance and/or risk assessment)	
Floors	40 micrograms/ft ²
Interior window sills	250 micrograms /ft ²
Troughs	400 micrograms /ft ² (clearance only)
Lead in soil (risk assessment)	
Play areas of bare soil	400 parts per million (ppm)
Other soils in remainder of yard	1200 parts per million (ppm)

I. Resources on Lead Based Paint Regulations

HUD's Lead-Safety Regulation – 24 CFR Part 35

“Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federal Owned Residential Property and Housing Receiving Federal Assistance; Final Regulation (September 15, 1999)”

HUD Interpretive Guidance, September 21, 2000

HUD Guidelines for Evaluation and Control of Lead-Based Paint Hazards

HUD Office of Healthy Homes & Lead Hazard Control:

Website: <http://www.hud.gov/offices/lead>

Regulation Hotline: (202) 755-1822 ext. 104

E-mail: lead_regulations@HUD.gov

The National Center for Lead-Safe Housing: www.leadsafehousing.org

Implementing HUD's Lead-Safety Regulation

Internet Guide to the Rule, Model Documents and Specifications

The Lead Listing (for HUD): www.leadlisting.org, (888) LEADLIST

Lists companies providing lead services and training opportunities

The Environmental Network: <http://www.environmentalnetwork.com/>

Lists companies providing lead services

EPA: www.epa.gov/opptintr/lead, National Lead Information Center: (800) 424-5323

Monitoring

MONITORING

Each agency involved in the Consolidated Planning process will monitor its own grantees in accordance with established procedures and standards for the particular program. Each is briefly explained below.

EMERGENCY SHELTER GRANT

The Department of Social Services, as the state of Missouri's grantee of emergency shelter funds, will randomly monitor during the fiscal year grants made to city/county governments for compliance to the regulations as outlined in 24 CFR Part 576.

The monitoring will include either on-site or remote review of reimbursement requests from the grantee to ensure:

- 1) That proper documentation of expenditures is maintained by the grantee.
- 2) That expenses claimed by the grantee are appropriate.
- 3) That documentation of in-kind matching is maintained.
- 4) That ESG expenditures are obligated and spent within regulatory deadlines.
- 5) That compliance to audit requirements of 24 CFR Part 44 are met.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

The Section performs an on-site monitoring visit at least twice yearly to the fiduciary agent for the HOPWA program. Standard monitoring forms, DH-40 and DH-41, are used to record compliance on major aspects of program performance, including:

- 1) Employment standards,
- 2) Record confidentiality and retention,
- 3) Budget and fiscal record, and
- 4) Annual fiscal audit.

In addition to routinely reviewing the activities of the fiduciary agent, the Section monitors additional progress toward meeting goals by reviewing client files at local case management sites to assure that HOPWA funds are targeted to those most in need, at adequate levels to purchase appropriate housing, and to assure that recipients are provided sufficient support to identify ways to reach independence.

MISSOURI HOUSING DEVELOPMENT COMMISSION

Rental Housing Production and Preservation Programs

MHDC's standard construction financing procedures require that a regulatory agreement be recorded, along with other loan documents, for all rental production developments funded through HOME. This agreement insures that the rental units remain affordable for a specified period of time. The Property Management & Compliance Department of MHDC examines Tenant Eligibility and Income Certifications in residents' files on a regular basis. The owner is responsible for delivering or obtaining appropriate management services for the development to

insure that the units are suitable for occupancy, meet Section 8 Housing Quality Standards (HQS), and meet local health, safety, and building codes. Furthermore, the owner must comply with all applicable rules, regulations, and policies that govern the HOME program.

MHDC may audit HOME-funded developments each year for compliance with the following:

- Re-certification of tenant income
- Review of rent and utility allowances
- Compliance with HQS annually for developments of more than 26 units, and bi-annually for developments containing five to twenty-five units, and every three years for developments with less than five units
- Owner's written agreements including the Affirmative Fair Housing Marketing Plan and the Management Plan and Agreement
- MHDC also requires that owners submit annual audited financial statements for all developments receiving HOME funds.

HOME Repair Program & HOME Down Payment Assistance Program

In addition to periodic monitoring of the project, the sub-grantee must also establish and maintain sufficient records. These records will enable HUD and MHDC to determine the sub-grantee has followed all requirements. At a minimum, the following records are needed:

- 1) Records concerning designation as a participating jurisdiction
- 2) Program records
- 3) Project records
- 4) Community Housing Development Organization Records (CHDO) records
- 5) Financial account records
- 6) Program administration records
- 7) Records in connection with other federal requirements

COMMUNITY DEVELOPMENT BLOCK GRANT

Monitoring checklists of all compliance areas have evolved over the years of administering the Community Development Block Grant by state staff. These checklists are provided to all grantees during the initial training for grant administration to clarify compliance requirements and to inform the grantees of the areas to be monitored.

From the beginning, the grantee has been required to submit to the state field representative for that area all required ordinances/resolutions involving excessive force, anti-lobbying, and fair housing; all financial paperwork setting up the grant; and enough environmental paperwork to be able to allow the release of funds. All federal wage determinations are requested through the CDBG office to assure compliance with labor standards. Start of construction notices must be sent, along with the grantee checking the federal debarred contractors' list, the contractor's certification to do business in Missouri, and documentation of the contractor's approved surety through the state.

The field representative will evaluate the new project in terms of risk or need for oversight or assistance. This evaluation will include the grantee's past performance, the administrator's track record, the complexity of the project, and the amount of CDBG assistance awarded. The field representative will decide, with the consensus of program management, whether the project requires one or two field monitorings. The field monitorings will take place at strategic times in the life of the project. An interim monitoring is set up after the first construction payroll is received by staff on public facilities projects or after first houses are completed on neighborhood development projects. A closeout monitoring is conducted any time after 80% draw-down of funds has occurred.

Technical assistance visits may be scheduled any time necessary, in addition to the required monitoring visit. For economic development grantees, transition meetings are conducted in the field after initial award commitment to introduce the compliance field representative and confirm to all parties involved the intricacies of the grant conditions.

Training is conducted on **internal monitoring**, as well as stressed in the administrative manual of the CDBG program. The four primary components of CDBG monitoring are progress on planned activities, program compliance, fiscal management, and fiscal compliance. It is the responsibility of each CDBG grant recipient to develop a system to assure that the financial and program compliance provisions established by federal and state law and supporting regulations and provisions are met. In addition to complying with all appropriate provisions, recipients must be assured that outside contractors and delegate agencies are likewise in compliance with the various laws and regulations. This will require development of a monitoring system that will allow recipients to:

- Manage their community development program as a whole, and individual projects and activities substantially, as described in the approved CDBG application;
- Maintain program or project progress;
- Determine that costs charged to the project are eligible;
- Ensure that all program activities comply with all applicable laws and regulations and terms of the grant agreement; and
- Minimize the opportunity for fraud, waste, and mismanagement.

CDBG Program Risk Assessment Form

Grantee: _____

Sub-Grantee: _____

Administration Organization (RPC, COG, Private, City) _____

Administration Contact: _____

Project Description:

Assessment Measures:

Complexity: Please rank high, medium or low _____

The following criteria should be considered: Survey vs Census; Number of activities; Number of Contracts; Number of funding sources; Grantee/Sub-Grantee relationship; and Multijurisdictional

Experience with Administrator: Please rank agency and individual, Experienced or Inexperienced.

Past Performance: Acceptable or deficient

Administrator: _____

Grantee: _____

Sub-Grantee: _____

Necessity for Technical Assistance: High, Medium, Low _____

Certifications

STATE CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

Affirmatively Further Fair Housing – The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Acquisition and Relocation – The State will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24.

Anti-Displacement and Relocation Plan – The State has in effect and is following a residential antidisplacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug Free Workplace – The State will or will continue to provide a drug-free workplace by:

- 1) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition.
- 2) Establishing an ongoing drug-free awareness program to inform employees about -
 - a) The dangers of drug abuse in the workplace;
 - b) The grantee's policy of maintaining a drug-free workplace;
 - c) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- 3) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1.
- 4) Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will -
 - a) Abide by the terms of the statement; and
 - b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.
- 5) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant.

- 6) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted -
 - a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency.
- 7) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

Anti-Lobbying – To the best of the State's knowledge and belief:

- 1) No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- 2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- 3) It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of State – The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with plan – The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 – It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

Signature/Authorized Official

Date

Director, Missouri Department of Economic Development

Title

SPECIFIC CDBG CERTIFICATIONS

The State certifies that:

Citizen Participation – It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments – It has or will comply with the following:

- 1) It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
- 2) It engages in or will engage in planning for community development activities;
- 3) It provides or will provide technical assistance to units of local government in connection with community development programs; and
- 4) It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

Local Needs Identification – It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development Plan – Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR 570.2 and 24 CFR part 570)

Use of Funds – It has complied with the following criteria:

- 1) **Maximum Feasible Priority.** With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available.
- 2) **Overall Benefit.** The aggregate use of CDBG funds, including section 108 guaranteed loans, during program year(s) 2004, 2005, and 2006 (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period.
- 3) **Special Assessments.** The state will require units of general local government that receive CDBG funds to certify to the following:

- It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.
- However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.
- It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive Force – It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

- 1) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
- 2) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

Compliance With Anti-discrimination laws – The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Compliance with Laws – It will comply with applicable laws.

Signature/Authorized Official

Date

Director, Missouri Department of Economic Development
Title

SPECIFIC HOME CERTIFICATIONS

The State certifies that:

Eligible Activities and Costs – It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR § 92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

Appropriate Financial Assistance – Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.

Signature/Authorized Official

Date

Director, Missouri Department of Economic Development

Title

STATE GRANTEE EMERGENCY SHELTER GRANTS PROGRAM CERTIFICATIONS

I Gregory Steinhoff, Director authorized to act on behalf of the State of Missouri, certify that the State will ensure compliance by units of general local government and nonprofit organizations to which it distributes funds under the Emergency Shelter Grants Program with:

- 1) The requirements of 24 CFR 576.25(b)(2) concerning the submission by nonprofit organizations applying for funding of a certification of approval of the proposed project(s) from the unit of local government in which the proposed project is located.
- 2) The requirements of 24 CFR 576.53 concerning the continued use of buildings for which Emergency Shelter Grant funds are used for rehabilitation or conversion of buildings for use as emergency shelters for the homeless; or when funds are used solely for operating cost or essential services, concerning the population to be served.
- 3) The building standards requirement of 24 CFR 576.55.
- 4) The requirements of 24 CFR 576.56, concerning assurances on services and other assistance to the homeless.
- 5) The requirements of 24 CFR 576.57, other appropriate provisions of 24 CFR Part 576, and other applicable Federal law concerning nondiscrimination and equal opportunity.
- 6) The requirements of 24 CFR 576.59(b) concerning the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- 7) The requirements of 24 CFR 576.59 concerning minimizing the displacement of persons as a result of a project assisted with these funds.
- 8) The requirements of 24 CFR 576.56(a) and 576.65(b) that grantees develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the Emergency Shelter Grants Program and that the address or location of any family violence shelter project assisted with ESG funds will not be made public, except with written authorization of the person or persons responsible for the operation of the shelter.
- 9) The requirement of that recipients involve, to the maximum extent practicable, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under the ESG program, and in providing services for occupants of these facilities as provided by 24 CFR 576.56(b)(2).
- 10) The requirements of 24 CFR 576.21(a)(4) which provide that the funding of homeless prevention activities for families that have received eviction notices or notices of termination of utility services meet the following standards: (A) that the inability of the family to make the required payments must be the result of a sudden reduction in income; (B) that the assistance must be necessary to avoid eviction of the family or termination of the services to the family; (C) that there must be a reasonable prospect that the family will be able to resume payments within a reasonable period of time; and (D) that the assistance must not supplant funding for preexisting homeless prevention activities from any other source.

- 11) The new requirement of the McKinney-Vento Act, 42 U.S.C. 11301, to develop and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons. I further understand that State and local governments are primarily responsible for the care of these individuals, and that ESG funds are not to be used to assist such persons in place of State and local resources.
- 12) The Drug Free Workplace requirements of 24 CFR Part 24 concerning the Drug Free Workplace Act of 1988.
- 13) The State will comply with the provisions of, and regulations and procedures applicable under 24 CFR 576.57(e) with respect to the environmental review responsibilities under the National Environmental Policy Act of 1969 and related authorities as specified in 24 CFR Part 58 as applicable to activities of nonprofit organizations funded directly by the State. The State also agrees to assume the Department's responsibility and authority as set forth in 24 CFR 576.57(e) for acting on the environmental certifications and request for the release of funds submitted to the State by local government recipients.
- 14) The State's requirement to provide matching funds required by 24 CFR 576.51 and 42 U.S.C 11375, including a description of the sources and amounts of such supplemental funds, as provided by the State, units of general local government or nonprofit organizations.
- 15) HUD's standards for participation in a local Homeless Management Information System (HMIS) and the collection and reporting of client-level information.

I further certify that the submission of a complete and approved Consolidated Plan with its relevant certifications, which is treated as the application for an Emergency Shelter Grant, is authorized under State law, and that the State possesses legal authority to fund the carrying out of grant activities by units of general local government and nonprofit organizations in accordance with applicable laws and regulations of the Department of Housing and Urban Development.

Signature/Authorized Official

Date

Director, Missouri Department of Economic Development
Title

HOPWA CERTIFICATIONS

The State HOPWA grantee certifies that:

Activities – Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

Building – Any building or structure assisted under the program shall be operated for the purpose specified in the plan:

- 1) For at least 10 years in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance.
- 2) For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.

Signature/Authorized Official

Date

Director, Missouri Department of Economic Development

Title

APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

1) Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

2) Drug-Free Workplace Certification

- a) By signing and/or submitting this application or grant agreement, the grantee is providing the certification.
- b) The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
- c) For grantees other than individuals, Alternate I applies. (This is the information to which jurisdictions certify).
- d) For grantees who are individuals, Alternate II applies. (Not applicable jurisdictions.)
- e) Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
- f) Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).
- g) If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph e).
- h) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

Check if there are workplaces on file that are not identified here; the certification with regard to the drug-free workplace required by 24 CFR part 24, subpart F.

i) Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C.812) and as further defined by regulation (21 CFR 1308.11 through 1308.15).

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance.

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Citizen Participation Process

CITIZEN PARTICIPATION IN FY2006 PROCESS

To involve interest groups and citizens in general in the FY2006 Action Planning process this year, seven public hearings were scheduled to review the draft plan and solicit comments and suggestions about the programs. The mailing list for these meetings includes over 4,000 names and a press release regarding the meetings was issued statewide.

The first public hearing was held in Jefferson City on October 19, 2005, from 10 a.m. to 12:00 p.m. Each agency explained their programs and the strategic planning process to the audience, taking questions and comments throughout. Approximately 15 people attended the meeting.

The FY2006 Draft Action Plan was made public on November 1, 2005. Special mailings regarding the availability of the plan were made, and the plan was placed in 68 public places around the state. The following times and places were established for public input on the Plan:

November 1
3 p.m. – 5 p.m.
Municipal Court Building
131 North New Madrid
Sikeston

November 2
1 p.m. – 3 p.m.
Mansfield Community Center
205 N. Missouri Ave.
Mansfield

November 3
10 a.m. – 12 a.m.
City Council Chambers
120 S. Ash
Nevada

November 4
10:30 a.m. – 12:30 p.m.
JCK State Information Center
600 W. Main St.
Jefferson City

November 9
1 p.m. – 3 p.m.
City Council Chambers
320 Broadway
Hannibal

November 10
11 a.m. – 1 p.m.
Green Hills Community Action Agency
1506 Oklahoma Ave.
Trenton

Specific questions and comments from all of the public hearings included:

Questions/Comments regarding the HOME Program

Question: Can an independent living center qualify for an AHAP Tax Credit?

Answer: This person was referred to HUD's 811 Program and Jane Anderson at MHDC for eligibility requirements for the AHAP Program.

Question: Is transitional housing for victims of domestic violence eligible for funding from MHDC?

Answer: Yes, they could apply for a grant from the Missouri Housing Trust Fund

Question: How should we handle individual requests for housing assistance for the homeless? Can we refer them to MHDC?

Answer: MHDC primarily works with non-profits and other organizations that provide direct housing assistance to clients. It would be better to refer persons in need of housing assistance to the local Community Action Agencies and non-profits such as DAEOC.

Comment: MHDC's home repair funds won't make up for the cut in CDBG Housing Rehabilitation funds. MHDC funds also won't cover single-family rental properties, which CDBG used to cover. A discussion took place about whether or not landlords should be able to receive financial assistance for rehabbing rental properties.

Response: MHDC's Home Repair (HeRO) Program has been in operation for several years, and we look to continue our work to help rehab single family homes for low-income homeowners. Single-family homes can also be rehabbed for rental housing through our Rental Housing Production Programs. However, most developers don't prefer to rehab single-family homes. Some non-profits have been successful in rehabbing single-family homes in communities such as Trenton, Willow Springs and several others in Mo.

Comment: There is no real comprehensive housing plan for the state of Missouri in the Consolidated Plan. The rural areas come up short because the large cities get all the funds. David Perkins suggested an advisory committee to oversee MHDC in their funding decisions, stressing that much political pressure has been put on MHDC to manipulate the allocation of funds. He believes there is a lack of direction and focus for the small communities. He said he wants to see more accomplished without the political interference. He also said he was not criticizing MHDC staff.

Response: The Qualified Allocation Plan which sets out the guidelines for allocating housing tax credits and financing clearly states the housing priorities of the state and what objective factors (such as rents; market demand; type of units; amenities; developer experience; etc...) which go into staff recommending proposals for funding. The qualified allocation plan also divides the state into three regions and sets allocation goals for financing and tax credits which are based on population. The regions are the St. Louis metropolitan region; the Kansas City metropolitan region; and the balance of the state region.

Question: Is it possible to raise the recording fee to \$5 or \$6 for the Missouri Housing Trust Fund (MHTF)?

Answer: The last few years in the legislature there have been several proposals to increase the recording fee for the Trust Fund from \$3 to approx. \$5 per mortgage document filed. Unfortunately none of these bills have been enacted. The demand for housing assistance from the Trust Fund far outstrips the amount of funds we have available by approx. 3 or 4 to one.

Question: Will preservation be more or less important this year?

Answer: The preservation of affordable housing will likely remain a priority, particularly in rural communities. The reason for this is because often developing new rental housing that is affordable to low-income working families is not feasible in rural Mo. Therefore, our priority has been rehabbing and preserving Rural Development and Project-Based Section 8 rent assisted housing.

Question: Does having a new single-family housing homeownership aspect to the rental production project help the proposal's chances for funding?

Answer: This type of single-family development of rental housing which is later made available for homeownership has been funded in the past few years and it might help your proposal this year.

Question: Is it required to live in an MHDC financed home for five years or ten? (This individual claims to have a person who signed for ten years).

Answer: The requirement for receiving American Dream Down Payment Initiative (ADDI) funding is for five years. However, if the ADDI program is combined with the First Place Program then the recapture period for First Place financing is 9 years.

Question: As ADDI money runs out, will you replace it with more HOME dollars?

Answer: No. We also provide down payment assistance with our First Place Loan Program. ADDI is a statutory set-aside and must be used for down payment assistance. It appears that Congress will cut the amount of funding for ADDI by quite a bit next year. The overall HOME Program allocation has been getting smaller in recent years and we don't have the funds to replace the cut to ADDI with other HOME funds.

Comment: With HUD's focus on homeownership, it's sad that they cut it.

Question: Can a broker put up a large amount of money to provide a joint venture to help finance some rehabilitation in small community, especially dealing with lead-based paint?

Answer: You should contact Mark Stalsworth, MHDC's homeownership manager, to discuss whether or not this is an eligible activity under the Home Repair (HeRO) Program.

Question: How much of the money from the HeRO program does the Community Action Agency (CAA) get?

Answer: The CAA is given an administrative fee of 10% of the total HeRO funds received for home repairs to pay for the salaries and overhead for administering the HeRO program. (ex: if \$80,000 is allocated, the CAA may keep \$8,000 for their expenses.)

Question: Is there any funding available for rehabilitating a developmentally disabled group home for low-income children?

Answer: The Missouri Housing Trust Fund might be a potential source of funding. I will ask the administrator of the Trust Fund to contact you.

Question: What is the status of the proposal for the Florence Garden Apts. in Kirksville?

Answer: MHDC has received a proposal for the acquisition and rehabilitation of the Florence Garden Apartments which requests \$216,821 in federal and state housing credits. This proposal is pending review and the staff of MHDC will make its recommendations to the Commission at its December meeting. If you have any comments about this proposal you may attend one of the public hearings or you may call or send correspondence to MHDC.

Question: What funding is available for minor home repairs?

Answer: The Missouri Housing Trust Fund is a possibility or you might consider applying for a HeRO grant for home repairs. You could also consider becoming a Community Housing Development Organization which makes you eligible for the CHDO set-aside of HOME funds for rental housing production.

Question: Is the MHDC Infrastructure Loan Program for low to moderate income families?

Answer: Yes, the price of some of the homes sold in this program must be affordable to low and moderate income homebuyers.

Questions/comments regarding the CDBG program

Question: Does CDBG have any funds available for leadership development at the local level?

Response: This could fall under the category of planning, which is an eligible CDBG activity. However, the reduced level of CDBG funding requires that the Department take a narrower focus on the use of CDBG. This type of activity will have less priority for CDBG usage than an infrastructure or economic development project.

Question: With the smaller amount of available funding, and the elimination of housing rehabilitation in the CDBG program, how is the funding of the remaining categories as compared to last year?

Answer: After eliminating housing rehabilitation, the amount available for public facility projects is very near what it was in 2005.

Comment: MHDC does set aside some funds for housing rehabilitation; however, it won't fill the void left by the elimination of CDBG housing rehabilitation. CDBG was the only program that would do rental housing rehabilitation.

Answer: Correct. MHDC's rehabilitation funds will not make up the difference. Reduced funding allocation has forced the Department to make tough choices concerning the use of limited CDBG funding. We encourage potential housing (rental or otherwise) projects to continue to work with MHDC.

Question: Since CDBG won't be used for housing rehab anymore, can CDBG funding still be used to address lead based paint? In other words, can a local government apply to MHDC for housing rehab funding and to CDBG for lead based paint funding?

Answer: It's still an eligible activity. However, housing rehab (including lead based paint activities) is no longer a priority for the use of CDBG funds. We encourage projects of this type to work with MHDC.

Question: Will CDBG still have funds available for demolition projects?

Answer: Yes. Demolition of blighted structures is a redevelopment activity, which is one of the priority uses of CDBG. There is no specific set-aside for demolition; it will be a part of the Other Public Needs category.

Question: Can the Action Plan be put on the DED website?

Answer: We will look into doing this.

Question: What happens to unused funds remaining in CDBG funding categories?

Answer: Remaining funds in categories are awarded where needed, generally in water/wastewater. We usually make that decision in February or March, prior to the beginning of the new funding year in April. We have to award 95% of our annual allocation within 12 months of award, and 100% within 15 months of award.

Question: What is a Section 108 loan?

Answer: It is a loan by the grantee to a company for the purpose of job creation. The security for the loan is a pledge by the state of its current and future CDBG funds. Missouri has never done a 108 loan project.

Question: Would housing rehabilitation be considered in the Other Public Needs category?

Answer: Housing rehabilitation is not a priority for the use of CDBG. It is still technically an eligible activity.

Comment: Demolition is still considered a redevelopment activity, but housing rehab should be considered that as well. It's vital in the rural areas. Also feel that the program has become over-regulated, even without the lead based paint issue. Housing rehab really helps the small towns, especially the elderly. It's cheaper to keep the elderly in their homes than have them go to a nursing home.

Answer: We agree as to the need. However, reduced funding allocation has forced the Department to make tough choices concerning the use of limited CDBG funding. We encourage potential housing projects to continue to work with MHDC.

Question: Can CDBG be used on projects involving high tech businesses? Job creation?

Answer: Yes. High tech job creation is sometimes hard to fit with CDBG, due to the requirement of 51% of the jobs going to LMI persons. However, if the LMI requirement can be met, these types of projects are eligible.

Fair Housing

MISSOURI HOUSING DEVELOPMENT COMMISSION

FAIR HOUSING ACTIVITIES

MHDC continuously engages in a number of activities for the purpose of furthering fair housing in the State of Missouri.

Working with Developers

MHDC requires that the occupancy of all housing financed or otherwise assisted by MHDC shall be open to all persons regardless of race, sex, national origin, religion, or creed; and that contractors and subcontractors engaged in the construction or rehabilitation of such housing shall provide equal opportunity for employment without discrimination as to race, sex, national origin, religion, or creed.

MHDC's mission is to provide quality, safe, affordable housing to low and moderate-income citizens of Missouri. This is accomplished in part through MHDC's Rental Production and Preservation Programs that provide financial assistance to developers who build or rehabilitate affordable rental housing. **MHDC performs due diligence to assure that all rental housing newly constructed or rehabilitated meets all accessible and handicapped requirements under Section 504 of the Fair Housing Act and the Americans with Disabilities Act.** MHDC reviews all architectural plans for compliance with these laws. MHDC also requires all developers to complete **HUD Form 935.2 Affirmative Fair Housing Marketing Plan** and include a description of the outreach, marketing and advertising methods that will be used to affirmatively market the project.

MHDC's developer's packet for rental housing production requires all recipients of HOME funds to keep records of the extent of participation by minority and women-owned businesses. MHDC's stated policy is that qualified minority and women-owned businesses shall be solicited whenever they are potential sources of materials or services.

Outreach and Educational Efforts

MHDC also performs ongoing outreach and educational opportunities to the public, and specifically minority audiences such as the Missouri Black Legislative Caucus Conference, to disseminate information on the various programs administered by MHDC, including the HOME Program.

Lastly, MHDC has held numerous workshops in conjunction with HUD at the annual statewide Governor's Conference on Housing, specifically to educate developers, property managers, and the public on accessibility issues and fair housing enforcement.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

FY2006 EFFORTS RELATED TO FAIR HOUSING AND IMPEDIMENTS TO FAIR HOUSING CHOICE

In 1997, the State completed an “Analysis of Impediments to Fair Housing Choice” study for the non-entitlement regions of the state. That study included a survey instrument, research materials, and focus groups held with interested parties. The conclusions of that study identified five areas where impediments may occur. Those five areas include:

- A lack of available, affordable housing
- The “income variable” – low income, poor credit history
- Education and the lack of understanding of the Fair Housing law
- Local ordinances and federal regulations that may create barriers to housing construction or that may provide barriers (difficulty) in access to financial assistance
- Discrimination

Since our Consolidated Plan covered the five-year period between 1998 and 2002, we chose the method of addressing one “category” per year from the list above. To implement our plan we separated activities into two classes:

- 1) Activities that the state would carry out; and
- 2) Activities that we would require of the CDBG grantees. Prior to 1998, CDBG had asked its grantees to study and draft their own individual Analysis of Impediments to Fair Housing Choice. Many communities complied with this request; however, we determined the necessity to complete a statewide study and re-establish a more logistic approach to the problem. Starting in 1998, we asked communities to provide an activity, in addition to their already required annual Fair Housing furtherance, that would directly relate to the category of impediment chosen for focus that year. The state has and will continue to provide technical assistance material for the grantees to implement the AI related activity.

The process established through the CDBG Program (requiring grantees to address an impediment activity for every year they have an open grant) has accomplished an awareness and understanding of Fair Housing among the current local officials. The efforts taken at the local level among grantees is often creative and commendable. It is not reasonable; however, to assume that the efforts generated in the first 5 years worth of strategy has alleviated the problem.

There is a necessity to perpetuate and sustain the awareness process in the five areas identified for two basic reasons: one is the fact that CDBG grants are not provided to every community in the non-entitlement areas of the state every year and therefore elimination of impediment activities may not have occurred in every community; and two, the officials of the community change with elections and therefore the knowledge base may diminish regarding the subject at large, and the past local efforts to eliminate barriers.

Our past experience and process leads us to plan in a manner that does not discard the previous study and findings, but rather to build on them and improve the efforts made by the communities.

To retrieve additional statistical data and to prove or disprove the evidence of the five major impediments identified, the State initiated a survey in 2003 to 3,462 recent homebuyers. The mailing list was generated with the assistance of the Missouri Housing Development Commission and the Department of Economic Development Missouri Economic Research and Information Center. The survey included addresses from a cross-section of the state. The survey form was updated from the one used in 1997 and re-worded in areas to eliminate possible bias.

One hundred and six surveys were returned undeliverable for a successful mailing of 3,356 surveys.

The mailing list was coded to indicate what demographic the homeowner belonged to, and was divided as follows: 2,095 male, 1144 female heads of household, 187 minority, and 36 elderly.

The response number was 594 for a 17.69% return ratio. Of those responding, 345 were women (not necessarily female heads of household) and 249 male. The response ratios were 58% female and 42% male, accordingly.

The survey responses were reviewed in a manner to provide any significant findings. The findings were first made as a comparison to the five areas of impediments identified in the first study. Other significant items were noted as well and appear in the following statements:

- On the average, one third of the respondents answered “don’t know” in the perception questions. This may indicate either a lack of understanding of Fair Housing issues, the Fair Housing law, or a lack of understanding of the circumstances within their community.
- For every example provided, the majority of persons answered in a manner denying the existence of a barrier when asked what they perceive. This included questions on disabilities, race, families with children, large families, community diversity, segregation, zoning, and housing availability.
- In 3 out of 4 questions, more than 10% of the people expressed personal experience with a barrier to housing.
- Income and credit histories indicate the largest reasons for experiencing a barrier.
- Single females and families with children make up the next largest reason for experiencing a barrier.
- 85% of the persons surveyed did not know where to go to file a fair housing complaint.

The survey still supports the focus on the four categories of discrimination; education; income; and regulations identified by the previous study. The 2002 census supports the fifth category of lack of affordable housing. It also supports data showing homeownership, although strong in Missouri (over 70%), is less among race and ethnic classes.

Strategies for FY2003 – FY2007

Given the results of the survey, the strategy of focusing on one impediment area per year for the next five years will remain. Each CDBG grantee will continue to be required to provide an action for every year that their CDBG grant is open. The state will continue to gain education

regarding the impediments issues and work with the Human Rights Commission to provide education and awareness statewide.

The state plans to strengthen the technical assistance pieces provided to each community in every year. The individual annual actions will be listed in both the upcoming action plans as well as itemized in the Performance Evaluation report narratives.

Barriers to Affordable Housing: FY2003

The Consolidated Plan must describe the state's strategy to remove or ameliorate the negative effects of its policies that serve as barriers to affordable housing, as identified in accordance with section 91.310. The Report of the Commission on Regulatory Barriers to Affordable Housing is included in its entirety at the end of this section. Additionally, MHDC has identified the following barriers to affordable rental housing and affordable homeownership in Missouri.

- Limited funding for affordable rental housing development
- Limited funding for affordable homeownership programs
- The demolition of older affordable housing stock
- The conversion of affordable housing to market-rate housing
- Housing discrimination against persons of color in rental housing and homeownership
- The valuation of low-income housing tax credits in property tax assessments

In addition to the preceding barriers identified some of which are within the state's control, MHDC is providing information on several barriers that are outside the state's control but which are sufficiently important and have a negative impact on the availability of affordable homeownership and affordable rental housing in the state.

The Ten-Year Rule in First Place Home Loans (formerly the Mortgage Revenue Bond Program)

The Mortgage Revenue Bond (MRB) Program provides low-interest mortgage financing to qualified first-time homebuyers. The Ten-Year Rule requires state housing finance agencies, like MHDC, to use homeowner prepayments to retire MRB's after ten years, rather than recycling these funds to make new mortgages to additional qualified homebuyers. Each year MHDC issues approx. \$240 million a year in MRB's which finance approx. 3,000-3,500 families purchasing a home in Missouri. About half of the total amount of MRB's comes from these types of recycled bonds. The Ten-Year Rule unfairly restricts the number of families who can purchase a home using the Mortgage Revenue Bond Program and largely offsets the cap increase on MRB's in 2001 and 2002. Federal legislation to repeal the Ten-Year Rule is pending in the U.S. Congress.

The Outdated First Place Home Loan (formerly the Mortgage Revenue Bond Program) Purchase Price Limit

Federal law limits the cost of homes purchased in the MRB Program to 90% of the average purchase price of a home in the area. The Treasury Department which is responsible for issuing new limits annually has not done so since 1994 because the data available to them is insufficient and unreliable. Meanwhile, the average cost of homes has risen approx. 40% nationally since

1993. These outdated and unworkable purchase price limits make finding a suitable home to purchase very difficult in many areas of the state, especially rural Missouri. MHDC has conducted its own survey of home purchase prices in order to adjust the price limits but this is only a temporary solution. Legislation to limit the purchase price of a home to 3.5 times the qualifying income of the MRB program is pending in the Congress.

Low Area Median Incomes in Rural Missouri (LIHTC Program)

The Low Income Housing Tax Credit (LIHTC) Program is the primary federal program to encourage the production of affordable rental housing. The LIHTC is a ten-year tax credit to owners and investors in affordable rental housing. Federal statutes require that the maximum income and rent guidelines be gauged to 60% of the *area median income*. Unfortunately, in many rural communities in Missouri the area median incomes are so low that the maximum rent allowable is simply not enough to make a tax credit development financially feasible.

This requirement also unfairly prohibits many low-income working families from living in a tax credit apartment. For instance, a family of four with two persons working full-time can earn only slightly above minimum wage (or \$5.85 an hour) and still qualify to live in a tax credit apartment in rural Missouri. Legislation is pending in Congress that would allow the use of the *statewide or area median income (whichever is greater)* to determine the income and rent guidelines in the LIHTC Program.

Barriers to combining HOME funds with LIHTC in rural Missouri

MHDC often uses HOME funds in conjunction with the LIHTC Program for the development of affordable rental housing. Unfortunately, HOME Program rules also make this very difficult, if not impossible, in many rural communities in Missouri. As stated in the previous paragraph, LIHTC Program requires that incomes and rents are gauged to 60% of the area median income. However, when rental housing is financed with HOME funds rents must be gauged to *50% of the area median or HUD's Fair Market Rent, whichever is lower*. In 55 rural counties in Missouri this formula produces rents that are only \$228 a month for a one-bedroom unit, which makes rental housing development financially infeasible. Legislation is needed to reform the LIHTC and HOME Programs to make rental housing development possible in rural Missouri. For more information on this issue, we have included the following analysis.

HOME/Tax Credit

Living with Income Limits in Rural Missouri

State Wide non-metro median income is \$40,600

(55 Counties in the State of Missouri)

<u>Income Limits</u>	<u>50%</u>
1 person	14,200
2 person	16,250
3 person	18,250
4 person	20,300

First Problem – the majority of MHDC's outstate developments are financed with HOME and tax credits, therefore in most cases the 50% income limit is a real problem.

Second Problem – rent levels for HOME/Tax Credit developments are actually below the 50% rent because of HOME rules, which dictate the lower of 50% or FMR.

Example 1: HOME/Tax Credit development in “Rural” County – Elderly

Elderly – 1 person – 1 bedroom

<u>Income Limit</u>	<u>Rent</u>
\$1,183 / month	50% - \$380 FMR - \$288
Utility allowance	(-) 60 (-) 60
Tenant rent	\$320 \$228

(\$228 obviously does not support a reasonable operating budget much less a loan payment).

Example 2: HOME/Tax Credit development in (55) Rural Counties – Family (70% of tenants are single parent households)

Single parent – 2 persons – 2 bedroom

<u>Income Limit</u>	<u>Rent</u>
16,250 or \$7.81/hr	50% - \$456 FMR - \$371
Utility Allowance	(-) 70 (-) 70
Tenant Rent	\$386 \$301

The welfare system tells this single parent, in most cases a mother that her welfare benefits are about to expire and she must find a job. She cannot work at the local manufacturing plant because they pay \$8.00 an hour and she would then be over income. She cannot share the apartment with her best friend because they would have to make less than a minimum wage to meet the income limit for 3 persons ($\$18,250 / 52 / 40 / 2 = 4.38/\text{hr}$). Further she loses her Section 8 voucher when she gets her \$7.00 an hour job. The biggest surprise comes later when she realizes that she cannot live on \$7.00 an hour.

Consider the Family Budget: (mother & child)

Rent	301 x 12 =	3,612
Utilities	70 x 12 =	840
Car Payment	200 x 12 =	2,400
Car Ins.	50 x 12 =	600
Gas for Car	15 x 52 =	780
Daycare	(\$20 x 264 days) =	5,280
Food	100 x 52 =	5,200
Medicine/doctor	100 x 12 =	1,200
Clothes	100 x 12 =	1,200
No Health Insurance		Ø

Consider the Family Budget: (mother & child)

No entertainment	Ø
No other debt	Ø
No emergencies	Ø
No trips	Ø
Total	21,112

This family cannot live on \$16,250, the income limit. If the system is going to force single parents to work, they need to earn a living wage. In 55 counties in the State of Missouri the head of household is forced to work, and then they are told that they are over income for housing.

If our budget appears out of line take the Missouri Self-Sufficiency Standard. The self-sufficiency standard is \$9.55 in Rural Missouri for an adult and infant. These numbers reflect the bare essentials for life and the fallacy that the employer will provide health insurance.

The real question remains: What can a single parent afford to pay? Maybe you are asking, why are we expounding the single parent issue? In Missouri, over 70% of our tenants in HOME/Tax Credit Developments are single parents.

Two wage earners each earning less than minimum wage are over income.

There is a narrow band of potential renters who qualify and who can afford tax-credits/HOME rents.

- 1) Those who can afford the rent are often over income.
- 2) Most qualifying tenants are a single parent (women) with one, two or three children.
- 3) A single parent wage earner with one child cannot earn more than \$7.81/hr. or \$1,354 a month according to HOME/tax credit income restrictions.
- 4) A single parent wage earner with two children cannot earn more than \$8.77/hr. or \$18,250 a year according to the HOME/Tax credit income restrictions.
- 5) A single elderly person cannot have income which exceeds \$1,183 / per month pursuant to the HOME/Tax Credit restrictions.
- 6) Two people both wage earners, making minimum wage of \$5.15 / hr. are over income for the HOME/Tax Credit Program.

So, again what can our single parent afford to pay; maybe \$300.00 a month?

Let's take another approach to the issue. What is the minimum rent it takes to support a development in Rural Missouri? The answer is \$350.00. That is true only if we allocate Federal and State Low Income Housing Tax Credits and the developer uses all proceeds to raise approximately 75% of the total development cost in equity. And even with 75% equity the balance (the gap) must be funded with HOME dollars in the form of a 1%/40 yr. loan to achieve the lowest affordable rent (\$350), and still support the total cost of the development.

If the net rent is \$350.00 and we add a utility allowance of \$70.00, our gross rent of \$420.00 exceeds our FMR of \$371 by \$49.00. We simply cannot support the development with the existing FMRs. FMRs make new development of affordable rental housing in Rural Missouri infeasible.

The other concern that MHDC has is the fact that \$350.00 no longer supports the operating expenses of the development, which threatens the long-term feasibility and livability of these units.

Operating expenses are running at a minimum of \$250 per unit per month (PUPM). Reserves (replacement) run an additional \$25.00. Debt Service at 1% for 30 to 40 yrs. runs an additional 70 to 100 a month which when added together, gives us a number which consumes our \$350.00 rent with no return to the owner.

Someone might suggest that the system (HOME)/Tax Credit/FMRs) is broken, and that it does not serve the intended recipient, and it does nothing to support the welfare to work recipient. In Rural Missouri FMRs have shut down the program. We can not build new units in 55 counties in the state of Missouri because of FMRs.

REPORT FROM THE COMMISSION ON REGULATORY BARRIERS TO AFFORDABLE HOUSING

October 31, 1996

Prepared by

Mellodie Wilson, Commission Staff, Jefferson City

S. Mark White, Freilich, Leitner & Carlisle, Kansas City

INTRODUCTION

The Affordable Housing Act of 1992 called for states to draft a “Consolidated Plan” for housing and community development activities as a prerequisite for receiving funds through the U.S. Department of Housing and Urban Development. As a component of the Plan, HUD required states to identify barriers to affordable housing and to work towards eliminating those barriers in the future.

In response to this federal legislation and upon urging from the Home Builders Association of Greater St. Louis, the Missouri legislature created the Commission on Regulatory Barriers to Affordable Housing in 1994. Its purpose as defined in Chapter 215.261 is to identify federal, state and local regulatory barriers that increase the cost, or otherwise impede production, of affordable housing. Furthermore, it must recommend means to eliminate these barriers. The Commission must submit a report to the Governor each year detailing its progress.

The Commission is composed of nine members, seven of whom are appointed by the Governor by and with the advice and consent of the Senate. The other two members are the Executive Director of the Missouri Housing Development Commission and the Director of the Department of Economic Development. Following are the individuals who comprise the Commission:

Harry Hite, Residential General Contractor, Belton, MO
Kim Haase, Residential General Contractor, Springfield, MO
Jacqueline Wayman, Citizen at Large, Cameron, MO
Ora Wells, Citizen at Large, Kansas City, MO
Rae Wiss, Residential Land Developer, St. Louis, MO
Craig Watson, Residential Architect, Kansas City, MO
Sid Koltun, Residential Engineer, St. Louis, MO
Richard Grose, Executive Director, MHDC, Kansas City, MO
Joseph Driskell, Director, DED, Jefferson City, MO

Chapter 215.262 grants authority to the Commission to appoint additional ex officio members as it deems necessary. Under such authority, a tenth member was appointed by the Commission members in December 1995 – Carl Schwing, City Manager of Richmond Heights, who represents the Missouri Municipal League.

The Commissioners held their first meeting in Jefferson City on June 26, 1995. Later that year and in early 1996, the Commission held four public hearings to solicit input from anyone interested in affordable housing. Locations included Kansas City, St. Louis, Springfield and Chillicothe. Representatives from the building and economic development industries contributed most of the testimony at the hearings. Among the barriers they cited were disparities in

federally-mandated income guidelines; lack of developers for rural areas; impact fees; excessive subdivision requirements; restrictive zoning ordinances; duplication of plan and permit reviews by various governmental agencies; and permitting requirements of the Department of Natural Resources.

The Commission has continued to hold monthly meetings to discuss the barriers that had been identified previously, outline possible solutions for eliminating them, and solicit additional input from other agencies and organizations. Some of the issues were resolved expediently through meetings and consultations with the appropriate parties. For example, Missouri Municipal League representatives and Commission staff successfully negotiated with the Public Service Commission to revise its rule pertaining to the code used to inspect modular housing. The PSC was using building codes from 1987. The rule change will bring the code current to 1996 and will include a streamlined mechanism for updating as the national building codes change.

Finally the Commission sponsored a day-long workshop in September to explore and refine those strategies that appear in this report as recommendations for action. Facilitating the workshop was S. Mark White, urban planner and attorney with Freilich, Leitner & Carlisle in Kansas City. Those invited to participate included Senator Joe Maxwell and Representative Phil Tate, along with representatives from the Home Builders Associations of St. Louis, Kansas City and Missouri; the Missouri Municipal League; the Missouri Manufactured Housing Institute; U.S. Department of Housing and Urban Development; the Missouri Department of Economic Development; and the Missouri Association of Realtors.

In developing the following recommendations, the Commission has attempted to forge a consensus on proposed legislation between the public and private sectors. All of the agencies, organizations and individuals named above have participated in the process. The Commission acknowledges the contributions of those agencies in the development of these recommendations.

RECOMMENDATIONS

In forging a strategy to encourage regulatory reform, several principles should be taken into account. First, the strategy must be **reasonable**. The removal of regulatory reforms should not undermine the fundamental integrity of the local government's land use system. Substandard subdivisions are not the solution to affordable housing issues. Local governments can protect their character and environment, plan for the capacity of public facilities, and promote the community's quality of life without impairing housing opportunities for low and moderate income persons. The General Assembly may prescribe minimum and maximum standards for development, as well as streamlined approaches such as maximum processing periods, in order to protect local discretion while avoiding unreasonable standards.

Second, the strategy should **protect local discretion**. Local land use controls are historically a local function in Missouri, and local governments will vigorously resist attempts to intrude on local autonomy in the development of land use controls. Accordingly, legislative measures that provide new authority for local governments are more politically acceptable than those that lessen local authority. In addition, the General Assembly can provide general standards while, at the same time, providing for the implementation of those standards at the local level.

Third, the strategy should be **effective** and **enforceable**. Simply providing discretionary authority to local governments provides no incentive for local jurisdictions to accommodate low or moderate income housing. The development community should be given recourse against

state agencies and local governments that maintain unreasonable or exclusionary land or moderate income housing projects preclude a large “war chest” to fight local controls in court. At the same time, reform efforts should ensure that developers who take advantage of regulatory reform follow through on their promises to provide affordable housing. Land use reforms should not become an excuse for conventional, single family “sprawl” developments to evade local land use controls.

Fourth, the strategy should provide for **stakeholder involvement**. All segments of the community interested in housing issues, including planners, local builders and manufactured home retailers, realtors, tenants, homeowners, citizen activists, and environmentalists should be involved in developing the local housing strategy. Working together, these groups can forge a consensus on those regulations that can be modified, as well as those which are of such pressing importance that they should be retained.

Finally, the strategy should ensure that local regulatory reform has a sound **planning basis**. Since its inception, the purpose of zoning was to implement the comprehensive planning policies of the local community. Regulatory reform should ensure that the goals, objectives, and policies adopted by a community are integrated with other legitimate goals of the local comprehensive plan. Only by reconciling the various elements of the comprehensive plan can local housing policies have lasting effect.

Based on the foregoing principles, the Commission’s recommendations for immediate action are as follows:

Vested Rights Legislation

Both the public and private sector representatives were in agreement that it is unfair to change the “rules of the game” in the midst of the planning and development approval process. While the public sector representatives favored some time limits, they were resistant to “deemed approved” legislation. As with vested rights legislation in other states, the Commission recommends that the general assembly pass legislation with the following components:

- The legislation should set forth which categories of development approvals will be protected from subsequent changes in zoning or subdivision regulations. For example, preliminary or final subdivision plats, preliminary or final site plans, and building permits could be protected from changes in zoning regulations.
- The legislation should set forth a realistic time limit during which the zoning and subdivision regulations are “frozen.” The Commission recommends a period of five years. This provides the developer an adequate period of time to complete development, while ensuring that local communities do not become burdened with “antiquated” subdivisions.
- The local government and the development community should be authorized to enter into development agreements that set forth the developer’s obligations to comply with the zoning regulations in effect at the time of approval, to provide infrastructure, to provide affordable housing units, and to allow for the phasing of development.

Manufactured Housing Legislation

At least twenty states, including three Midwestern states surrounding Missouri, have legislation that curtails local discrimination against manufactured housing. It is time for Missouri to

recognize this trend, while providing local governments with the direction they need in order to comply with federal law. It is recommended that the State of Missouri adopt anti-discrimination legislation for manufactured housing, which as the following elements:

- Manufactured homes built to the National Manufactured Housing Construction and Safety Standards Code (also known as the “HUD Code”) should be permitted in any residential district in which single-family homes are permitted. This would not preclude the developer from placing restrictive covenants on the subdivision.
- Manufactured home subdivisions may be approved and processed in the same manner as residential subdivisions, with local governments retaining the discretion to approve or deny manufactured home subdivisions in the same manner as conventional subdivisions.
- Local governments should be permitted to regulate design and aesthetic standards not covered by the HUD Code, so long as those regulations do not have the effect of banning manufactured homes from the jurisdiction.

Department of Natural Resources Legislation

Homebuilders, developers and engineers consistently reported that permitting processes for sewer extension, water lines, and storm water drainage were burdensome and caused excessive time delays. The Department expects to incorporate rule changes that allow cities and counties with professional engineers on staff to approve plans for sewer extensions without DNR review. While the Commission applauds the Department’s efforts in this regard, it believes that these changes do not go far enough to solve the problem.

The Commission recommends legislation or rule changes that allow cities with professional engineers on staff, at their discretion, to approve all plans for sewer extensions, water lines and storm water drainage without DNR review. Furthermore, it is recommended that smaller cities that do not employ professional engineers be allowed at their discretion to hire outside engineering consultants to approve such plans. The costs associated with such outside consultants may be at the builder’s expense.

ISSUES FOR FURTHER CONSIDERATION

The Commission recognizes the existence of other regulatory barriers beyond those addressed above. Strategies to eliminate them need careful and thoughtful consideration. The following courses of action have been identified as possible solutions and will be studied in depth at upcoming Commission meetings:

Agency Streamlining

Members of the development community reported that the need to obtain approvals from fire and sewer districts often significantly delayed the development approval process because of sometimes conflicting regulations. The Commission recognizes that action is necessary to address this serious concern. However, further study and consideration are required before an appropriate solution can be devised. The Commission will address this issue more thoroughly in 1997.

Housing Appeals Board

Many states – such as New Jersey, Connecticut, Massachusetts and Rhode Island – have used housing appeals board and streamlined litigation procedures to overcome regulatory barriers to

affordable housing. These procedures, while extremely effective, are very controversial because they involve the use of courts or state agencies to override local zoning. While this can overcome parochial barriers to the construction of affordable housing within a jurisdiction, the Commission acknowledges that the likelihood of obtaining such legislation is slim. Certainly, there is precedent for legislation that curtails local discretion to disapprove certain types of projects. For example, the zoning enabling law for cities, towns, and villages limits discrimination against group homes under RSMo, 89.020.

The Commission is not recommending creation of a Housing Appeals Board at this time. It will, however, continue to evaluate whether such action might be appropriate for consideration at a later date.

Impact Fee Legislation

Impact fee legislation presents a real opportunity for consensus between the public and private sectors in the balance between the need to provide new infrastructure in developing areas and the need for affordable housing. Impact fees increasingly are recognized as a useful mechanism to provide needed infrastructure, yet the authority of many jurisdictions in the State of Missouri to adopt impact fees is questionable.

While the Commission favors the adoption of legislation authorizing all Missouri municipalities to levy impact fees, guidelines governing the process need further consideration and study. This issue is a high priority for the Commission. At the next meeting in January, the Commission will begin to formulate specific parameters for this important piece of legislation and will make further recommendations in 1997.

CONCLUSION

The state commission on regulatory barriers to affordable housing was charged by the General Assembly to identify federal, state and local barriers to affordable housing and to recommend means to eliminate such barriers. In developing the above recommendations, the Commission has worked closely with the public agencies involved in regulating development in order to forge a strategy that is realistic, fair, and effective. The Commission does not intend for this report to simply sit on a shelf or to become a mere guideline for enlightened jurisdictions. Instead, the Commission is seeking immediate legislative action in order to ensure that its recommendations become reality.

In developing its recommendations, the Commission acknowledges that local land use controls have been delegated to local governments, and will probably remain under the control of local government for the immediate future. The Commission is not seeking to invade or to repeal the historical providence of local governments over local land use controls. Instead, the Commission is seeking ways to work with local governments to develop affordable housing in a manner that respects local concerns over the quality of life, infrastructure, and the environment. It is hoped that the General Assembly will provide the authority, as well as regulatory incentives, for local governments to accommodate affordable housing for the benefit of all Missourians.

Strategies to Address “Troubled” Public Housing Authorities

2006 STRATEGY TO ADDRESS “TROUBLED” PUBLIC HOUSING AUTHORITIES

The state is working with the US Department of Housing and Urban Development to address the troubled Public Housing Authorities that fall within the jurisdiction of this plan. The state shall identify HUD’s list of troubled housing authorities as of April 1, 2005.

Once identified, the State will survey those PHAs to determine their needs. Actions will then be developed to individually address the needs identified by each PHA.

Performance Measures

The Performance Measures system includes Objectives, Outcome Measures and Indicators. In the System, there are three overarching objectives and three categories of outcomes.

The objectives are Creating Suitable Living Environments; Providing Decent Affordable Housing; and Creating Economic Opportunities. The Outcome Categories are: Accessibility/Availability; Affordability and Sustainability. There is a specified list of output indicators that Grantees would report on as appropriate to their chosen objective and outcome. The Working Group is confident that the list is broad enough so that the results of a significant amount of activities of each of the programs will be reported. Most of the output indicators required by the System do not require additional data collection or reporting.

As proposed, grantees would use this System in their five-year Consolidated Plans and Annual Action Plans, but are free to add objectives, outcomes and indicators specific to their state or local initiatives or priorities. Modifications to existing HUD reporting requirements and mechanisms, such as IDIS and the PER will be made to include these outcomes, indicators and appropriate data variables.

The System has been designed to enable grantees and HUD to tell Congress and OMB about many of the benefits provided by the programs. Our goal is to have information to aggregate results across the broad spectrum of programming at the city, county and state level funded by these block grants. In addition, grantees are encouraged to utilize this performance measurement system as the basis for assessment and management of their programs.

Based on their intent when funding them, Grantees would determine under which of the three objectives to report the outcomes of their projects and activities. Similarly, once the objective is chosen, then the Grantee would also choose which of the three outcome categories best reflects what they are seeking to achieve (the results) in funding a particular activity. Next, Grantees would choose from a list of indicators (also known as outputs) to report on, and supply the data for those indicators to HUD.

The System maintains the flexibility of the block grants programs, as the objectives and outcomes are determined by the grantees based on the intent of the project and activity. While program flexibility is maintained, the System offers a specific menu of objectives, outcomes and indicators so that reporting can be standardized and the achievements of these programs can be aggregated to the national level.

OBJECTIVES

Suitable Living Environment

In general, this objective relates to activities that are designed to benefit communities or groups of families by addressing issues in their living environment.

Decent Affordable Housing

The activities that typically would be found under this objective are designed to cover the wide range of housing that is possible under HOME, CDBG, HOPWA or ESG. It focuses on housing programs where the purpose of the program is to meet individual family or

community needs and not programs where housing is an element of a larger effort (that would be captured above under Suitable Living Environment).

Creating Economic Opportunities

This objective applies to the types of activities related to economic development, commercial revitalization or job creation.

OUTCOMES

Availability/Accessibility

This outcome category applies to activities which make services, infrastructure, housing, or shelter available or accessible to low income people. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low and moderate income people where they live.

Affordability

This outcome category applies to activities which provide affordability in a variety of ways in the lives of low and moderate income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.

Sustainability: Promoting Livable or Viable Communities

This outcome applies to projects where the activity or activities are aimed at improving a neighborhood by helping to make it livable or viable for principally low and moderate income people through multiple activities, or by providing services that sustain communities or sections of communities.

Output Indicators

There are certain indicators that are required; the rest of the indicators reported will depend on the activity funded and source of funding (CDBG, HOME, ESG or HOPWA). The CDBG program will implement the performance measures system on a limited basis for 2006. HOME, ESG and HOPWA will implement in 2007.

Each outcome category can be connected to each of the overarching objectives, resulting in a total of nine groups of outcomes under which grantees would report the activity or project data to document the results of their activities or projects. They are activities or projects that provide:

- Accessibility for the purpose of creating suitable living environments
- Accessibility for the purpose of providing decent affordable housing
- Accessibility for the purpose of creating economic opportunities
- Affordability for purpose of creating suitable living environments
- Affordability for the purpose of providing decent affordable housing
- Affordability for the purpose of creating economic opportunities
- Sustainability for the purpose of creating suitable living environments

- Sustainability for the purpose of providing decent affordable housing
- Sustainability for the purpose of creating economic opportunity

Outcomes

